

PEOPLE  
like Oyl Went Too Far  
er Cartoonist Finds  
"Oyl likes to say 'I am what I am' but when Oyl tried to use the word 'Oyl' in a cartoon, he was told to change it to 'Oyl' because it was too close to 'oil' and 'oil' was a bad word at the time. Oyl was told to change it to 'Oyl' and he did so. Oyl was told to change it to 'Oyl' and he did so. Oyl was told to change it to 'Oyl' and he did so.

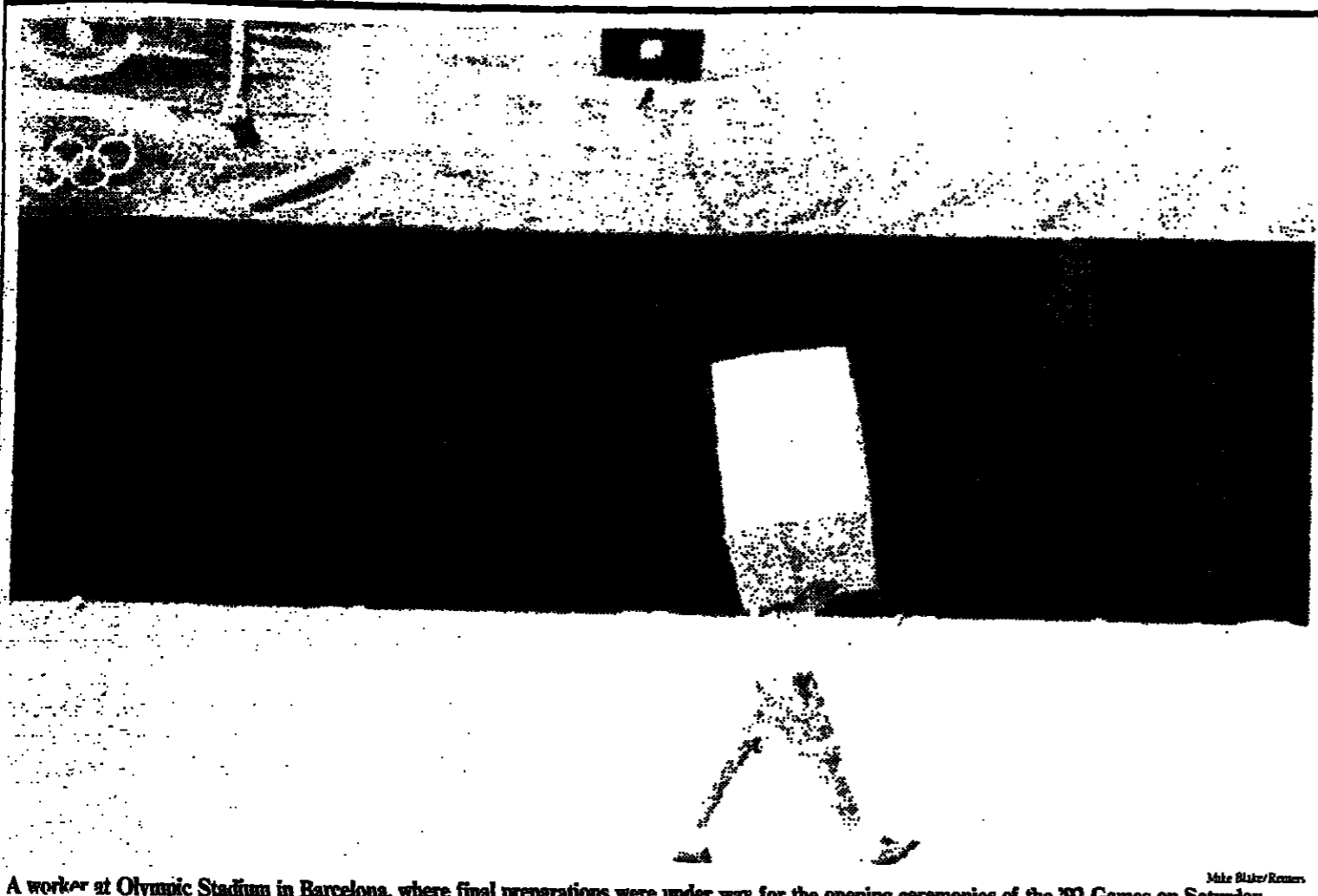
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Yemen: 1.00 (1992)

Page 3



A worker at Olympic Stadium in Barcelona, where final preparations were under way for the opening ceremonies of the '92 Games on Saturday.

### For Time Off From the Olympics, a Leisure Guide

No one can sit through two weeks of Olympic events without some kind of break. Even the most die-hard sports fans will have to take time out during the Games to see a bit of Barcelona. What they will find is a 2,000-year-old city that works hard, eats late, drinks well, costs a lot, snacks incessantly, sleeps seldom, and dances until dawn. A guide to some of those activities as well as to cultural sights in Barcelona during the Games appears on Page 9. Leisure. For those who have not had their fill of sports, though, coverage is on Pages 16-17.

## Saddam's Taunts Put Bush 'in Bind'

### Military Reprisal or Not, President Risks Criticism

By Jack Nelson and Robin Wright  
Los Angeles Times Service  
WASHINGTON — President George Bush is caught in a political dilemma as he ponders whether to respond militarily to President Saddam Hussein's defiance of the UN cease-fire resolutions that ended the Gulf War.

Using force might create a public perception that the president, who is suffering from his lowest-ever ratings in opinion polls, was taking the action to improve his chances of being re-elected in November.

But failure to respond forcefully to continued Iraqi violations could damage U.S. credibility abroad, further erode Mr. Bush's standing as a leader and leave in power a tyrant who some White House officials say is manipulating the crisis to exploit Mr. Bush's vulnerability in an election year.

The president is "in a real bind," a foreign policy official said. "It doesn't make any difference whether he's right or wrong in what he does," the official added. "If he orders military action, his political enemies will accuse him of taking us to war to save his presidency. If he doesn't, Saddam Hussein stays in power, defying the UN conditions and thumbing his nose at us."

Adding to the complications for Mr. Bush is a growing body of evidence, contained in secret intelligence reports and other documents that have come to light in recent months, that Mr. Bush lavished U.S. aid on Iraq before the Gulf War, despite repeated warnings about Mr. Saddam's thirst for conventional and even nuclear weapons.

In effect, these documents have shown, the unsuccessful effort to woo Mr. Saddam with financial aid and military technology helped create the war machine that triggered the Gulf War.

Any resumption of the conflict with Iraq could underscore in voters' minds the shortcomings of Mr. Bush's policy up to now.

On Wednesday, for example, the

## Baker Makes Surprise Visit To Lebanon For Talks

### He Presses for a Syrian Pullout and Revival of Mideast Negotiations

By John M. Goshko  
Washington Post Service  
JIDDA, Saudi Arabia — Secretary of State James A. Baker 3d made a heavily guarded surprise visit to Lebanon on Thursday in a show of support for President Elias Hrawi's efforts to re-establish Lebanese independence and induce Syria to withdraw its troops.

He was the most senior U.S. visitor to Lebanon since October 1983, when a terrorist driving a truck-bomb crashed into a U.S. Marine barracks, killing 241 Americans.

Mr. Baker's trip was kept secret until the moment of his departure from Syria, where he met Wednesday with President Hafez Assad.

The State Department spokeswoman, Margaret D. Tutwiler, said Mr. Baker made the trip because Lebanon "is an important party in the Middle East peace process." Also, she said, the

Israelis freeze work on future settlements, but will finish housing in progress. Page 2.

## Lax Bonn Oiled Iraq War Machine

By R. Jeffrey Smith and Marc Fisher  
Washington Post Service  
BONN — In the late 1980s, German export officials noted that Iraq's state-run industrial complex was hungry for gas bottles, lamp-posts and milk separators, and they approved exports of metal presses and other equipment necessary to produce them.

At the time, Iraq was a country that Germany and other Western nations had reason to be worried about. But what harm was there in gas bottles, lamp-posts and milk separators?

The question was woefully naive. Iraq needed the German-designed metal presses not to make milk separators but to produce missile combustion chambers and equip plants that were churning out, among other things, uranium centrifuges for making nuclear weapons.

In the aftermath of the Gulf War against Iraq last year, inspectors from the United Nations and German prosecutors are learning just how easily German companies cir-

## NEWS ANALYSIS

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## Quayle's Wife Corrects His Lapse on Abortion

By Ruth Marcus  
Washington Post Service  
WASHINGTON — Vice President Dan Quayle moved quickly Thursday to reaffirm his opposition to abortion after saying on a television show that he would support his daughter if, as a grown woman, she chose to have one. His wife put her foot down.

The incident occurred as Mr. Quayle was defending himself against mounting rumors that President George Bush would drop him from the Republican ticket at next month's nominating convention.

"I hope I never do have to deal with it," Mr. Quayle said of the abortion issue in an interview on CNN's "Larry King Live." "But obviously I would counsel her and talk to her, and support her on whatever decision she made."

If his daughter wanted to terminate the pregnancy, he said: "I'd support my daughter. I'd hope that she wouldn't make that decision."

The vice president's wife, Marilyn, was asked about his remarks during a radio interview in Iowa. Referring to the couple's 13-year-old daughter, Corinne, she said, "If she becomes pregnant, she'll take the child to term."

No question of an abortion.

## Official of Anti-Arafat Group Slain

BEIRUT (Reuters) — Gunmen assassinated a top official of the Fatah Revolutionary Council here Thursday in the latest killing in a Palestinian power struggle.

A council spokesman said men in a speeding car killed Walid Khalid, 41, with bursts from a submachine gun as he was driving near the Mar Elias refugee camp. The council, which broke from Yasser Arafat's mainstream El Fatah in 1973, said the chief of the Palestine Liberation Front collaborated with Mr. Khalid's killers, whom it said were linked to Mossad, the Israeli secret service. The council is led by Sabri Banna, better known as Abu Nidal.

The killing was the latest in a string of assassinations that security sources said were the result of an inter-Palestinian power struggle between the council and El Fatah for control in Lebanon.

## 4 Bombs Rock Lima Amid Strike

LIMA (Reuters) — At least four bombs exploded Thursday in Lima, wounding dozens of people, as Maoist guerrillas sought to enforce their call for a general strike.

## Business/Finance

Spain raised an interest rate to defend its currency. Page 13.

Colombia's president barred the extradition of drug dealers, despite the prison escape of a Medellin drug lord. Page 4.

A panel of U.S. experts on foreign policy warned that the country has no clear vision for dealing with a 21st century world. Page 2.

Dow Jones	
Up	12.43
3,280.04	

The Dollar in New York	
DM	1.482
Pound	1.916
Yen	126.65
FF	5.0015

## Gloss Is Off at Euro Disney As Park Predicts a Loss

By Roger Cohen  
New York Times Service  
PARIS — Euro Disney SCA, acknowledging that its elaborate theme park had not performed as strongly as expected, announced Thursday that it would incur a net loss of unpredictable magnitude in its first financial year.

At the time of the April opening of the park, which stands on a 1,900-hectare (4,800-acre) site 30 kilometers (20 miles) east of Paris, Euro Disney officials said they expected to make a small profit for the financial year ending Sept. 30. But since then the park has been hit by a number of problems.

"We were geared up for a very high level of operations," the company's chief financial officer, John Forsgren, said in a telephone interview. "It has been very strong, but not as strong as we geared up for."

"While attendance is very strong," he said, "our cost levels do require adjustment for the current revenue level."

In Burbank, California, Walt Disney Co. said Thursday that its earnings rose 33 percent in the quarter. But it warned investors against expecting profits soon from Euro Disney, of which it owns 49 percent.

Euro Disney said that although attendance levels had been high, "the company anticipates that it will incur a net loss for the fiscal year ending Sept. 30, 1992."

It added that "the magnitude of the loss will depend on attendance and hotel-occupancy rates achieved during the remainder of the critical European summer vacation period."

The announcement amounted to an extraordinary turnaround for Euro Disney, which opened amid immense fanfare and widespread predictions of immediate success.

At the time of the opening, on April 12, the company's shares were trading at 140.90 francs (\$28.07), and had been as high as 170 francs earlier in the year. They dropped 2.75 percent Thursday to close at 97.25 francs.

Mr. Forsgren said he thought the market had "overreacted a bit emotionally to preliminary information." He added that "by all objective standards the park is very successful. The long-term acceptance is strong, the rest is just details."

The company said that 3.6 million people had visited the park from April 12 to July 22, a performance it said was superior to that of comparable start-up periods at other Disney theme parks. But it cautioned that, given the likely strong seasonal fluctuations in attendance

## In a War of Computer Gangs, Young Hackers Go Beyond Pranks to Serious Crime

By Mary B. W. Tabor and Anthony Ramirez  
New York Times Service  
NEW YORK — Late into the night, in working-class neighborhoods around New York, young men with code names like Acid Phreak and Outlaw sat hunched before their glowing computer screens, exchanging electronic keys to complex data-processing systems. They called themselves the Masters of Deception. Their mission: to prove their prowess in the shadowy computer underworld.

Compulsive and competitive, they played out a cybernetic version of "West Side Story," trading boasts, tapping into telephone systems, even pulling up confidential credit reports to prove their derring-do and to taunt other hackers.

Their frequent target was the Legion of Doom, a hacker group named after a gang of comic-book villains. The rivalry seemed to take on class and ethnic overtones, too, as the diverse New York group defied the traditional image of the young suburban computer whiz.

But federal prosecutors say the members of MOD, as the group called itself, went far beyond harmless pranks.

On July 16, five young men identified by prosecutors as MOD members pleaded not guilty to federal charges including breaking into some of the nation's most powerful computers and stealing such confidential data as credit reports, some of which were later sold to private investigators. Prosecutors call it one of the most extensive thefts of computer information ever reported.

The indictment says the men entered the computer systems of Southwestern Bell, TRW Information Services and others "to enhance their image and prestige among other computer hackers; to harass and intimidate rival hackers; and other people they did not like; to obtain telephone, credit, information and other services without paying for them; and to obtain passwords, account numbers and other things of value which they could sell to others."

With modems that link their terminals to other computers over ordinary telephone lines, hackers have been making mischief for years. But as vast networks of powerful computers become more crucial, and as personal computers become faster and cheaper, the potential for trouble has soared.

At the same time, the world of computer hackers is changing.

Unlike the hackers of old — well-to-do youths who could afford costly equipment — the Masters of Deception are a polyglot representation of blue-collar New York: black, Hispanic, Greek, Lithuanian and Italian. They often work their mischief using the least expensive computers.

One of them, John Lee, 21, bounced around programs for gifted students before dropping out of high school in his next-to-last year. He goes by the name Corrupt.

Paul Sira, 22, who uses the code name Scorpion, was his high school class valedictorian.

Julio Fernandez, 18, known as Outlaw, first studied computers in grade school.

They met not on street corners, but via computer bulletin boards used to swap messages and programs.

With nothing to identify them on the boards except their nicknames and uncanny abilities, the young men found the computer to be the great democratic leveler.

Mr. Lee, Mr. Fernandez, Mr. Sira and two others described as MOD members — Mark Abene, 20, known as Phibex Optik, and Elias Ladopoulos, 22, called Acid Phreak — were charged with crimes including computer tampering, computer and wire fraud, illegal wire-tapping and conspiracy. They face huge fines and up to five years in prison on each of 11 counts.

The Masters of Deception were born in a conflict with the Legion of Doom, which had been formed in 1984 and ultimately included among its ranks three Texans, one of whom, Kenyon Shulman, is the son of a Houston socialite, Carolyn Farb.

Mr. Abene had been voted into the Legion at one point. But when he began to annoy others in the group with his New York braggadocio and refusal to share information, he was banished, Legion members said.

Meanwhile, a hacker using a computer party line based in Texas had insulted Mr. Lee, who is black, with a racial epithet.

By 1989, both New Yorkers had turned to a new group, MOD, founded by Mr. Ladopoulos. They vowed to replace their Legion rivals as the "new elite."

But in June 1990, the three Texas-based Legion members — Mr. Shulman, Chris Gogans and Scott Chasin — formed Comsec Data Security, a business intended to help companies prevent break-ins by other hackers.

Worried that the Texans were acting as police informers, the MOD members accused their rivals of defaming them on the network bulletin boards. Several members, including Mr. Abene, had become targets of raids by the Secret Service, and MOD members believed the Texans were responsible. The Texans decline to comment on the accusation.

The New Yorkers began using the information they recovered to harass and intimidate others, according to prosecutors.

In recent months, hackers say, the war has calmed down. Comsec went out of business, and several Masters of Deception were left without computers after Secret Service raids.

Mr. Abene pleaded guilty last year to misdemeanor charges resulting from the raids.

Mr. Lee says he works part-time as a stand-up comic and is enrolled at Brooklyn College, where he studies film production.

Mr. Sira is three credits shy of a degree in computer science at Polytechnic University in Brooklyn. Mr. Fernandez hopes to enroll this autumn in the Technical Computer Institute in Manhattan. Mr. Ladopoulos is studying at Queens Community College.



# Old Habits Hobble U.S. in a New Age, Panel Says

By Barbara Crossette  
New York Times Service

WASHINGTON — Saying that the administration and Congress are failing to meet the complex challenges of the post-Cold War world, a high-level panel of foreign policy experts warned that a slide into isolationism and protectionism would be disastrous for the U.S. economy and the prestige of the United States.

There has been no Victory Over Communism Day," the panel wrote. "No confetti, no strangers kissing in the street. Indeed, it is a long time since America has been so uneasy about itself and so uncertain of where to go next."

U.S. world leadership must continue, but with a new emphasis on collective action in support of peace, democracy and open trade.

# Israel Gives Backing to Settlements In Progress

By Clyde Haberman  
New York Times Service

JERUSALEM — Israel's new government on Thursday stopped all planned future construction in the occupied West Bank and Gaza Strip but said that thousands of apartments and houses in progress would be completed.



As the government announced a freeze on future projects, work proceeded Thursday at a West Bank settlement.

# 3 Ministers to Testify in Paris AIDS Trial

By Barry James  
International Herald Tribune

PARIS — Former Prime Minister Laurent Fabius and two of his ministers began testifying Friday in the trial of four senior doctors who allowed hemophiliacs to be treated with products they knew to be contaminated with HIV, the virus that causes AIDS.

was not a doctor who cures people." He said the government had been aware of the problem. "Everybody knew about it, including me," he told the court. But he added that he had been too weak to confront his superiors.

The four doctors are being tried in a heavily guarded lower court on relatively minor charges. Robert Netter, former director of the National Health Laboratory, and Jacques Roux, former director-general of the Health Ministry, are charged with "non-assistance to persons in danger," while Dr. Garretta and his former assistant Jean-Pierre Allain are accused of having distributed products they knew to be unsuitable or unsafe for public consumption.

# Scientists Question Danger of HIV Variant

By Lawrence K. Altman  
New York Times Service

AMSTERDAM — Health officials at the international AIDS meeting struggled Thursday to ease public hysteria stemming from reports of a mysterious, rare AIDS-like illness in which no evidence of infection with the AIDS virus can be found.

After intense questioning, the officials said they were partly responsible for the hysteria because they had not communicated well enough to the public and scientific community to avoid what they believe is an unwarranted view that another AIDS virus is on the loose.

James Curran, an AIDS official at the Centers for Disease Control, said his federal agency in Atlanta said he knew about the six cases it knew about sooner.

On Tuesday, federal health officials were stunned when a parade of doctors stepped forward at the meeting to describe about 20 cases of the mysterious AIDS-like illness.

Because the mother had a blood transfusion before her daughter was born, the team headed by Sudhir Gupta of the University of California at Irvine raised the possibility of transmission of the virus through blood transfusion.

# WORLD BRIEFS

## ANC Rules Out Early Return to Talks

JOHANNESBURG (AP) — The African National Congress on Thursday ruled out a quick resumption of black-white political talks and called for a two-day national strike in August.

## Spanish King Opens Latin Summit

MADRID (Reuters) — King Juan Carlos formally welcomed 19 heads of state or government on Thursday to the second Ibero-American summit meeting, which will seek explicit accords aimed at improving conditions in Latin America.

## 4 Are Killed in Sarajevo Food Line

SARAJEVO, Bosnia-Herzegovina (Reuters) — Muslims and Serbs exchanged mortar, artillery and small-arms fire Thursday in sporadic fighting in Sarajevo and in the mixed ethnic territory around the Bosnian capital.

## Hijacker Escapes From Swiss Prison

ORBE, Switzerland (AP) — A Lebanese Muslim extremist, serving a life sentence for hijacking an Air Afrique airliner and killing a French passenger in 1987, escaped from prison Thursday.

## For the Record

The Times of London deputy editor, Peter Stothard, 41, will succeed Simon Jenkins as editor of the newspaper in October, the paper announced Thursday.

## TRAVEL UPDATE

The Paris transit authority said it would increase ticket prices by an average 5.8 percent from Aug. 1. The price of a book of 10 tickets, which can be used on either buses or trains within the city and in the nearest suburbs, rose from 34.50 francs (\$6.90) to 36.50.

## The Weather

Forecast for Saturday through Monday. Includes weather icons and brief descriptions for North America, Europe, Asia, and Africa.

## North America

Table with columns for location, Today, and Tomorrow. Lists major cities like New York, Los Angeles, Chicago, and Toronto with their respective weather forecasts.

## Europe

Table with columns for location, Today, and Tomorrow. Lists major European cities like London, Paris, Rome, and Berlin with their respective weather forecasts.

## Asia

Table with columns for location, Today, and Tomorrow. Lists major Asian cities like Tokyo, Seoul, and Singapore with their respective weather forecasts.

Legend: S, sunny; P, partly cloudy; C, cloudy; U, overcast; V, variable; H, heavy; SH, shower; SN, snow; FG, fog; MI, mist; RA, rain; TH, thunder; TS, thunderstorm; W, wind; H, heavy; SH, shower; SN, snow; FG, fog; MI, mist; RA, rain; TH, thunder; TS, thunderstorm; W, wind.

# Threats Won't Get Access for UN Team, Iraqi Says

By Paul Lewis  
New York Times Service

BAGHDAD — A senior Iraqi official stated categorically Thursday that threats of military action or bombing strikes would never persuade Iraq to allow UN arms inspectors to search the Agriculture Ministry here, or any other ministries or buildings that are "symbols of sovereignty."

does won't change the position of Iraq," the deputy prime minister said. "Iraq will never compromise its sovereignty."

These threats do not change Iraq's position," Deputy Prime Minister Tariq Aziz asserted the day after the UN inspectors ended their 17-day vigil outside the ministry saying the Iraqi authorities were no longer protecting them against hostile demonstrators.

# IRAQ: Weak German Export-Control Laws Fueled All Elements of Saddam's War Machine

(Continued from page 1)

more dangerous than pistols and human beings. But investigators have found documents and other physical evidence implicating German companies as Iraq's most reliable and useful source of the technology and materials for the weapons of mass destruction that would cement Iraq's reputation as a dangerous regional power.

Six German companies supplied some of the equipment Iraq needed to make botulin toxin and mycotoxin germ weapons, including devices that allow germs to grow in laboratories, concentrate pathogens, protect workers from contamination and allow technicians to traverse a contaminated battlefield.

German companies supplied the chassis, motors and electrical distributors for mobile missile launchers, and shipped missile-related tractors and semitrailers equipped with lighting and other features for military operations. UN inspectors in Iraq have found German names on Scud missile pressure lines, gauges, electrical parts, fuel tanks and air bottles.

# Scientists Question Danger of HIV Variant

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New York Times Service

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Advertisement for University Degree Bachelors in Masters Doctorate. Includes contact information for Pacific Western University.

Advertisement for Harry's New York Bar. Includes address and phone number.

Large vertical advertisement on the right edge of the page, featuring the name 'C.A.V.I.' and various promotional text.



CAMPAIGN '92 / ON THE ATTACK

ELECTION NOTES

A Potato Opportunity: Get the Picture?

NEW ALBANY, Indiana — When Lewis Miller, who farms a modest amount of potatoes in Ellettsville, Indiana, heard that Bill Clinton and Al Gore were going to come to campaign at a rest stop on Interstate 64, he decided he would go to see them.

Clinton Cuts Campaign Debt by \$1 Million

WASHINGTON — Bill Clinton was able to pay off some of his campaign debts last month, but he still owes \$3 million in debt at the end of June, according to reports received by the Federal Election Commission.

Republicans Fear Baker May Not Be Enough

WASHINGTON — With the return of James A. Baker 3d to the White House now only a matter of time, a sense of relief among Republicans is mixed with concern that even the savvy secretary of state cannot right a badly listing Bush re-election campaign.

Quote-Unquote

Bill Clinton: "Let there be no mistake: If the United Nations decides to use force to ensure Iraqi compliance with the cease-fire agreements, I will support American participation in such action."

Away From the Hustings

- In an uncharacteristically sobering forecast, the Southern California Association of Governments said that about 6 million more people — almost twice the number of Los Angeles residents — are expected to pour into Southern California by 2010.

Negative Tack Risky for Bush Swipes at Clinton, True or Not, May Backfire

By Andrew Rosenthal New York Times Service WASHINGTON — President George Bush has wasted no time attacking the Democratic presidential nominee, accusing Governor Bill Clinton this week of peddling birth-control pills to teenagers without their parents' consent and encouraging children to "hand their parents into court."

NEWS ANALYSIS

wants to be vice president. Now he tries to talk about economic growth when he spent a week in Rio saying, "The heck with the economy, sell it out to the environment."



Bill Clinton, with his wife, Hillary, addressing supporters on his return to Little Rock, Arkansas.

A Confident Start for Clinton Democrats Conclude 8-State Tour on a Note of Euphoria

By Gwen Ifill New York Times Service LITTLE ROCK, Arkansas — The public enthusiasm that engulfed the Clinton-Gore bus caravan halfway across the country has given the campaign a strong shot of optimism as Governor Bill Clinton started a new round of fund raising on Thursday.

dog, the Democratic candidates were able to press home a strong message for change on a trek that set off from New York at the end of the party's nominating convention and wound up in St. Louis, Missouri.

Perot Sees U.S. on Brink of Depression

By Edwin Chen Los Angeles Times Service DALLAS — Warning that the United States is "on the edge of a severe recession or depression," Ross Perot urged the nation's leaders to "get started now" on revitalizing the economy.

ly guaranteed pension funds, including Social Security, that are vastly underfunded. In its near-final draft, Mr. Perot's plan is known to call for a \$700 billion budget deficit reduction within five years, an annual 10-cent-a-gallon rise in gasoline taxes in the same period, higher taxes on alcohol and tobacco, the elimination of various federal subsidies, limits on mortgage interest deductions for homes costing more than \$200,000, a 10 percent across-the-board cut in administrative costs of the federal bureaucracy, elimination of the proposed space station, a cut in cost-of-living increases in Social Security for the wealthy — which he did not define — and new tax incentives for businesses.

In St. Louis, more than 25,000 office workers, labor unionists and onlookers jammed the streets for blocks around the main public library to give Mr. Clinton and his running mate, Senator Al Gore of Tennessee, an ecstatic salute.

QUAYLE: A Lapse on Abortion

(Continued from page 1) and what it will do for the next four years. Added Richard Viguerie, a Republican consultant popular in the party's conservative wing: "People are not angry at Dan Quayle. They're angry at George Bush. He has zero credibility."



Vice President Dan Quayle being prepared for his television appearance on "Larry King Live."

BUSH: Saddam's Taunts Pose Election-Year Dilemma on Military Action

(Continued from page 1) Democratic vice presidential nominee, Senator Al Gore of Tennessee, said that Mr. Saddam should understand that "Republicans and Democrats see eye to eye" on forcing him to comply with the cease-fire agreements.

Mr. Bush said that the United States had no quarrel with the Iraqi people — only with Mr. Saddam. But tens of thousands of Iraqis died in the war and President Saddam survived. After it became clear that he could not be overthrown easily — and therefore could be an embarrassment for Mr. Bush — speculation has been widespread that Mr. Bush might order a military response, most likely air strikes.

Navy Details Plan for Tighter Ship

By Michael R. Gordon New York Times Service WASHINGTON — Faced with a shrinking budget and dogged by a sex abuse scandal, the U.S. Navy announced a plan to streamline its bureaucracy and to end infighting among its various branches.

After the war, some navy officials contended that the service had hurt itself by failing to maintain sufficiently high-ranking representation at the U.S. Central Command headquarters.



# Colombian Leader Bars Extraditions Despite Escapes

**BOGOTA** — Colombia will not consider extraditing convicted drug lords to the United States, despite the spectacular prison escape of the leader of the Medellín cocaine ring, Pablo Escobar Gaviria, the country's president said.

Mr. Escobar's surrender in June 1991 was the crowning success of President César Gaviria Trujillo's strategy of coaxing major traffickers into custody under a promise of leniency and no extradition.

But the escape of Mr. Escobar and nine associates from a ranch-style jail near Medellín on Wednesday raised questions about whether Colombia's corruption-prone system was capable of holding powerful traffickers and stopping their business — even from behind bars.

Authorities are worried that with Mr. Escobar loose the Medellín cartel could unleash a new round of anti-government terror similar to the 1989 campaign that forced the

# Mitterrand Office Rebuts Klarsfeld On Pétain Issue

**PARIS** — The office of President François Mitterrand has denied that it was the source of reports that Mr. Mitterrand would break with tradition and no longer lay a wreath at the tomb of Marshal Philippe Pétain on Armistice Day.

Serge Klarsfeld, a Jewish hunter of Nazi war criminals, reiterated that he had learned from the Presidential Palace what he described as Mr. Mitterrand's decision not to take part in a wreath-laying ceremony.

In a statement, Mr. Klarsfeld stressed: "This denial concerns the origin of the information, not the information itself. It now rests with the president himself to make clear whether or not he intends to lay a wreath in honor of Pétain."

# U.S. Troops Expelled

Bolivia's Senate voted to expel American troops participating in anti-drug efforts. The Associated Press reported from La Paz.

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# In Altered Landscape, Asian Aides Meet to Seek New Stability

**By Michael Richardson**  
*International Herald Tribune*

**MANILA** — Until recently, the Association of South East Asian Nations was more comfortable developing programs for economic and political cooperation than in openly discussing security problems that could undermine stability and rapid growth in the Asia Pacific region.

Ironically, the end of the Cold War has forced security onto the agenda of ASEAN by pushing to the fore disputes that were held in check by East-West rivalry.

On Friday, ASEAN foreign ministers are to begin three days of talks with senior officials from the United States, Japan, the EC, Canada, South Korea, Australia and New Zealand. Much of their attention will focus on the changing strategic landscape in Asia.

Across the region, questions are being raised about the strength of U.S. military engagement and the competitive regional ambitions of China and Japan.

The U.S. delegation is to be led by Secretary of State James A. Baker 3d, although he is not scheduled to arrive in

Manila from the Middle East until Sunday. It will emphasize U.S. commitment to keep sufficient forces in Asia to maintain a stable balance of power, officials said Thursday.

But many Asian leaders are concerned that cuts in U.S. defense spending, the U.S. preoccupation with domestic problems and a reassessment of military ties with East Asia following the decline of Soviet military power will lead to a major drawdown of American forces before the end of the decade.

Trade disputes with Japan and other East Asian nations, and frictions over human rights and economic issues with China, may also strengthen isolationist sentiments in the United States.

Gareth Evans, the Australian foreign minister, said Thursday on arrival in Manila that a withdrawal of the Soviet military from Asia and a reduction in U.S. forces would mean that "China and Japan will have greater relative authority" in the region.

He said it was important, therefore, that China and Japan, as well as the United States, be drawn into a security dialogue with other countries in Asia and the Pacific.

According to Gerald Segal, a fellow of the International Institute for Strategic Studies in London, "one of the great structural instabilities" of East Asia is that while China is primarily a military power Japan has great economic strength, but is "basically unable to defend itself" without U.S. support.

However, Japan could use its modern industrial base and advanced technology quickly to develop independent military forces with formidable striking power if the United States pulled down its security umbrella or if Japan's vital interests in Asia, such as trade arteries through the South China Sea, were threatened by China.

That is why Beijing's assertion of sovereignty over virtually the whole of the South China Sea is viewed with alarm in Southeast Asia, Japan and the United States. It is also why ASEAN is intensifying efforts to resolve conflicting claims

by China and five other Asian nations over the Spratly Islands in the southern sector of the sea.

"The main risk," said Mr. Segal, is that "both China and Japan will suspect each other of trying to achieve dominance and that all the other states in East Asia will seek to maneuver around these two giants."

ASEAN — which links Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei — has become the region's major forum for discussing security problems.

On Tuesday and Wednesday, ASEAN foreign ministers met their counterparts from China, Vietnam, Laos and Russia, something that would have been impossible a couple of years ago before the collapse of the Soviet Union and the end of the long Soviet-U.S. struggle for supremacy.

Although three of the ASEAN countries belong to the nonaligned movement, all six governments are non-Communist. For much of the Cold War era, their relations with the Communist states of China, Indochina and the Soviet bloc were strained. However, the "blurring" of ideological differences among countries with different political and economic systems since the end of the Cold War has helped to reduce tensions in Asia, said "since the end of the Cold War has helped to reduce tensions in Asia, said Raul S. Manglapus, the Philippine foreign secretary, shortly before Vietnam and Laos acceded Wednesday to a Treaty of Amity and Cooperation in South East Asia crafted by ASEAN.

The easing of political tensions across much of East Asia, the concentration of China and Vietnam on market-oriented economic growth, and the rapid spread of intraregional trade, investment and tourism have developed a web of common interests and enabled ASEAN to open its doors to former adversaries.

In a gesture that ASEAN officials said was "unprecedented," Qian Qichen, the Chinese foreign minister, offered to begin extensive new contacts with the group and its members on mutual security concerns.

Mr. Qian said this would improve communication and trust, and "eliminate elements that might lead to insecurity and possible conflict."

# Czechoslovak Leaders Set Terms of Peaceful Division

**Prague** — Leaders of Czechoslovakia's two republics said Thursday that they had agreed on a peaceful division of the country.

The Czech prime minister, Vaclav Klaus, and his Slovak counterpart, Vladimir Meciar, said they would ask parliament to pass a constitutional law to dissolve the Czechoslovak federation.

"We'd like the Federal Assembly to pass the law by Sept. 30," Mr. Klaus said, sitting alongside Mr. Meciar at a news conference in Bratislava, the Slovak capital.

The two leaders proposed a customs union — a free trade zone with free movement of labor, money and capital. Still to be decided is the question of whether each country will have a separate currency.

Mr. Klaus's Civic Democratic Party and Mr. Meciar's Movement for a Democratic Slovakia also agreed on further negotiations over how to divide the country's armed

# China Decries Any U.S. Curbs On Trade Status

**Beijing** — China will not accept any conditions for the renewal of its most-favored-nation trade status with the United States, a Chinese Foreign Ministry spokesman said Thursday.

"Any attempt through legislation to stop granting the MFN status to China, or attach conditions to the granting is absolutely unacceptable," said the unidentified spokesman, who was quoted by Xinhua, the official press agency.

He added that the trade status should be seen as "a reciprocal and mutually beneficial arrangement" between China and the United States.

The House of Representatives has voted to attach conditions to the renewal of China's status in 1993, including respect for human rights and commitment to nuclear nonproliferation.

President George Bush renewed China's status on June 2.

# A Visit to China, but Little Remorse Japanese Emperor's Apologies for War Will Be Minimal

**Tokyo** — After months of negotiations that resounded with echoes of World War II, Japan and China appear to have struck an agreement that will allow Akihito to become the first Japanese emperor to visit China in modern times.

But the visit, which is likely to be at the end of October, will proceed with an unwritten understanding that Akihito, the son of the emperor, as in whose name Japan invaded China more than half a century ago, will issue only minimal and vague apologies for Japan's wartime actions.

For months the prospect of the visit, which has been eagerly sought by both governments, has become the subject of considerable controversy in Beijing and Tokyo.

Influential rightist politicians in the governing Liberal Democratic Party have insisted that no visit occur if the emperor is placed in what they regard as the humiliating position of issuing specific, repeated apologies to his hosts for Japan's conduct during the war.

In China, the government has been reluctant to silence growing demands for reparations from Japan, even though officials there seem eager for the issue to disappear so that it does not impair economic and diplomatic links between Asia's two most powerful nations.

"It is a very, very delicate issue on both sides," a senior official of the Japanese Foreign Ministry said recently. "But I think we are finding a way to go ahead."

An announcement is expected sometime after elections in Japan for the upper house of parliament Sunday.

Akihito is formally Japan's head of state, but under the postwar con-

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Herald Tribune

A UN Force for Somalia

War, drought, the collapse of civil authority: these are the malign toxins that threaten the very existence of Somalia...

Fighting persists despite a cease-fire in the capital, Mogadishu, whose de facto master is a capricious warlord named General Mohamed Farrah Aidid...

So Serbia Carries On

Yugoslavia's war, like most wars, is generating misery and destitution at a staggering rate. Hundreds of thousands of people are now trapped between the fighting and the closed borders of neighboring countries...

about one in 10 of the population. The least unfortunate, some 400,000, have got out of ex-Yugoslavia, about half of them to Germany and most of the rest to Hungary, Austria and Sweden...

Buy Russia's Uranium

Russia has hung a "for sale" sign on the uranium that will be extracted from its dismantled nuclear warheads. Private U.S. companies want to buy some. So do nuclear wannabes...

nuclear material is misplaced or diverted. U.S. purchases from Russia have been held up by objections from American mining interests...

Campaign Dirt Already

The Democratic presidential ticket is scarcely a week old and already the White House spokesman, Martin Fitzwater, is calling Senator Al Gore, the vice presidential nominee...

our kids' education," the president said. That is fair enough. But then he went off into Label-land. "They," he said, "want public schools to hand out birth control pills and devices to teenage kids..."



Saddam Hussein's Challenge Will Have to Be Met

NEW YORK — Saddam Hussein's defiance of United Nations inspection rights in Iraq has put George Bush out on the shakiest limb of his presidency...

Last September he stupidly refused UN inspectors entry into an important weapons facility. After a confrontation, he backed down. This time he more cleverly made his stand against the inspectors...

board, compounds President Bush's woes. The Saudis will join the attack, but only if it is massive and offers a reasonable chance to break Saddam's will...

The Philippines Under Ramos Is Set for Recovery

MANILA — The main challenge facing the new administration of President Fidel Ramos is to revive the economy and alleviate poverty. Nearly half of the 63 million people of the Philippines live in suburban conditions...

modern and industrialized economies of the Asia-Pacific region. Because political stability has been re-established, the country can capitalize on its distinctive advantage of having the largest pool of educated manpower in Southeast Asia...

Investments will initially concentrate on projects that are urgently needed to enlarge the generation of power, especially on the two main islands, Luzon and Mindanao.

The Russian Forces Abroad Are a Threat to Peace

WASHINGTON — Among the more dangerous "poison pills" left behind after the collapse of the Soviet Union are the 1.5 million Russian troops stationed in the newly independent non-Russian states of the old union...

example, where violence continues between Russians and Moldovans, the 14th Russian Army has exacerbated rather than calmed the situation. The 25 million Russians in the new states are in an equally undefined situation. Some of them have been there for decades or even generations...

more fundamental reforms. If we do not do so, we may find that any economic reforms will be swept away by military and political upheavals.

Tedious: French and Americans

PARIS — The covert French-American war is not over. Like the fighting in Bosnia, it keeps flaring after uncounted cease-fires and at times, as UN General Lewis Mackenzie said about Sarajevo, people seem to be shooting at their own side to provoke. He called it "bizarre."

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Clearing Stanley LONDON — Mr. H. M. Stanley, addressed a large and enthusiastic meeting of his supporters at the North Lambeth Constitutional Club on Friday night [July 22].

1917: Control of Russia PETROGRAD — That the new Russian government is resolved firmly and swiftly to deal with the critical situation of the country is indicated in a proclamation it has issued...

1942: Raids on England LONDON — [From our New York edition:] The heaviest German air attack in weeks broke over three sections of England early today [July 24].

The damage of this diplomatic feud is not just to French-American relations. It blocks the already grossly inadequate effort to develop new concepts and accords needed to face the future. The Russians are affected. They urgently want to belong to some kind of Europe-wide security framework...

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairman LEE W. HUBNER, Publisher JOHN VINOGRAD, Executive Editor...

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OPINION

A Democratic Presidency Might Restart the Country

By William Pfaff

PARIS — America's presidential system offers a complete new start every time a new president is elected. Nobody else has quite the same thing. In parliamentary systems it is the party that is elected. Everyone knows its commitments, and the new prime minister has to carry his cabinet in what he chooses to do. No surprises are expected. In other presidential systems the candidate nearly always is a well-established political figure. There are no men from nowhere. Only the United States surprises itself with candidates who are virtual unknowns: Ross Perot, the Texas tycoon; Jimmy Carter, the peanut farmer; Bill Clinton, a man without national standing only a year ago.

But Americans want to be surprised, because the surprise might be a good one, escape from a political reality that has become onerous, even menacing. With the convention's clash of cymbals, hope rushes in: This time it can be different.

This election year, America confronts two fundamental problems underlying the specific social and economic issues named in the party platforms.

First is the blocked system. The constitutional separation of powers has produced a stalemate between president and Congress that has now lasted the greater part of 40 years.

Democrats have dominated the House of Representatives since Dwight Eisenhower's first term, from 1953 to 1957. They have controlled the Senate in all but three Congresses since then, a period during which there has been a Democratic president only for 12 years — John Kennedy and Lyndon Johnson from 1961 to 1969, and Jimmy Carter from 1977 to 1981.

The result has been government where president and Congress present conflicting programs meant chiefly to place the other in politically embarrassing situations. The dismaying consequences of this for the nation are clear.

The second problem is social disintegration and a loss of a unifying sense of national identity. This disintegration began in the '60s, with two main causes: the left's emphasis on individual and group rights and entitlements at the expense of collective responsibility, and simple demographic transformation.

The latter has given the United States large Hispanic and Asian minorities, many of them still outside the national community of common political assumptions and expectations. They are naturally separated from an inherited American civilization and religious history predominantly North European and Protestant in origin. The great strength of the United States in the past came from a sense of unity among virtually all the people, both those descended from the original settlers and those who later chose to come as immigrants.

Racial division — slavery — was the primal curse on the country, and related to that was the regional conflict fought

out and settled by the Civil War. Otherwise there was little of the class division and hatred that marked Europe, or ideological struggles of the kind that dominated modern history elsewhere. Now serious and uncompromising ideological conflicts exist. There is a dispossessed underclass, largely ignored, if not despised, by those who have ruled America for more than a decade. And a sizable part of the new population not only stands apart but is encouraged to do so by those who reject the policy of cultural assimilation that integrated previous immigrant generations.

The result is the lowest level of political participation among all of the Western democracies, and rampant political exploitation of the society's inherently irresolvable value conflicts. Issues are not debated so much as attitudes are.

There has been a rise in demagoguery, evident in the exploitation of personal and emotional issues. Enthusiasm for a magical politics — "trust in me" — contributed to Ronald Reagan's success, and provided Ross Perot's principal appeal during his brief but flamboyant passage across the political scene.

The argument often is made that America's situation is the same as exists elsewhere in the democracies: that we are all implicated in some long-term crisis of the age, the United States simply further along than the others. A general disillusionment with established democratic systems and leaders is said to exist, with universal economic problems of low growth, high unemployment, stagnation.

This argument is another form of escape. America's problems are not those of Western Europe, and certainly not those of Japan. Except in Italy (for ideological reasons), the institutions of government in Western Europe work effectively. Politicians debate issues directly and at length on television and in the newspapers. Conflicts get settled by parliamentary votes or national elections.

The American ideological rebellion against taxes has no counterpart abroad. Demagoguery is kept to the margins in the other democracies, noteworthy only with respect to the sensitive issue of immigration. Nowhere else are the nation's great debates conducted by means of paid political advertisements on television and the candidates' appearances on television entertainment shows.

These characteristics of the United States today limit any president's ability to change the country's course. Everyone would like to think that a presidential vote will transform how they live. The reality, however, is likely to disappoint.

The best reason to vote for Bill Clinton in November is that there would be a majority in Congress to back him. The great stalemate would be broken. Mr. Clinton then would have an opportunity to change the nation's course.

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LETTERS TO THE EDITOR

'A War of Aggression'

A holocaust has been going on for more than a year in the former Yugoslavia. These are not ethnic wars, but a full-scale and brutal war of aggression by the third-largest army in Europe against the defenseless, peaceful and democratic civilians and states of Croatia, Bosnia-Herzegovina and Kosovo. Only the decisive use of force can stop it.

BORIS PETROVICHICH, Los Altos Hills, California.

Bosnia: 'Unwind the Error'

Regarding "Bosnia's Cause Is Better Than Kuwait's, So Send Arms" (Opinion, July 16):

The assertion that "the people of Bosnia-Herzegovina voted... for independence" ignores the fact that most of Bosnia's one-third minority Serbs boycotted the independence referendum in March.

Bosnian independence violated the principle that major changes in multi-ethnic societies must be approved by consensus and not by a simple majority vote. For example, in Canada constitutional amendments were blocked two years ago by two of the country's 10 provinces, representing only a small percentage of Canada's population.

The European Community's initial offer of recognition to Bosnia-Herzegovina — a region that has never existed as a sovereign state — set the stage for a confrontation. Extreme nationalists seized the opportunity to fan the flames of ethnic hatred between Bosnia's Croats, Muslims and Serbs. Recogni-

Who Does the Spending?

According to the U.S. Constitution, it is Congress, not the president, that de-

AIDS: Outdated Images

Ten years ago AIDS was largely a gay phenomenon. This is far from being any longer true. Still, virtually all the posters I have seen warning against AIDS feature young men. The time has come for anti-AIDS advertising to show women and couples with young children. That, also, is where AIDS is in 1992. Mr. and Mrs. John Doe must be confronted with this terrible truth.

PETER G. McANDREW, Paris.

The American Noise Level

Regarding "Noisy Desperation" (July 10) by Russell Baker:

Mr. Baker writes in his column, "Misery is the new American condition... and making a loud noise about it is the most American thing you can do." Bravo, he hits the nail precisely on the head! If Americans stopped shrieking at each other and got on with their lives the best they could with what they had, America would be instantly transformed.

BRIAN J. CAMPBELL, Antwerp.

Politics May Have Changed For the Folks at the Rodeo

By Andrew Ward

SILVERTHORNE, Colorado — I heard about Bill Clinton's choice of running mate at the Summit County 4-H Rodeo in this Colorado town.

"For those of you who haven't heard the news," said the announcer as two cowboys chased a terrified calf out of the arena, "Mr. Clinton has named, uh, State Senator Al Gore from — somebody help me out here."

Nobody helped him out, but there were no catcalls — and no cheers, either. The closest to current affairs the crowd seemed to be in the mood for was to watch three local media representatives — they used to call them

distrust will come and cut the government down to size.

Whether he actually shared or merely played on their impatience and distrust, Ross Perot was, for the moment, that somebody.

A lot of these people regarded him as an example of their own virtues rewarded, of the happy results that can accrue when a man works hard, stays faithful, keeps his aim true.

All they knew about his integrity was his twang, his crew cut, his humble taste in suits. But Ross Perot still seemed a whole lot more familiar up here than Bill Clinton and Al Gore with their civics class earnestness and their student council good looks.

But as I sat watching what the announcer called "2,000 pounds of not flinging 'Bray-me' bull" reduce a young cowboy to a halless, limp animal, I was struck by how the national compulsion for correctness had penetrated even here.

Half the announcer's banter consisted of a defense against the sting and arrows of animal rights activists, a speech about equal opportunity in the rodeo business, and a series of dumb male jokes to compensate for last year's dumb-blonde jokes, about which he had received some complaints.

"What's the difference between government bonds and men?" the announcer asked at one point. Answer: "Government bonds mature."

In what little remains of the American West, ranching provides a pool of living but rich life. Those riches were on display as the rodeo closed and families lingered in the dusty twilight eating Navajo Stir-Fry and Q-4-L-2 BBQ, sipping beer and pop and The Farmer's Old-Fashioned Lemonade, and speaking of ballrooms and hum trucks and smart horses with the contrariness that every hardship dignifies.

Like all the rest of us, these people may dream of striking it rich, but may be now that Ross Perot has let them down they will remind themselves of the riches that lie beyond a rich man's reach — and then, with the audacity that animated their ancestors, ask the next billionaire who toys with the presidency: "If you're so rich, why aren't you smart?"

Mr. Ward, a writer, is a former National Public Radio commentator who now lives in the West. He contributed this column to The Washington Post.

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# In Provence, Reinventing Real Pastis

By Christopher Petkanas

**F**ORCALQUIER, France — When the 1935 stone fountain honoring the four daughters of the king of Provence was rehabilitated last year in this part of the Midi intimately identified with the naturalist writer Jean Giono, pastis was poured round in celebration. Champagne would have been ridiculous. This is Provence.

Amid scampering dogs and overexcited children and nodding senior citizens, the free-flowing pastis signaled a poignant revival of the open-armed tradition of the "public bottle" that was observed in Forcalquier, 100 kilometers (62 miles) east of Avignon, and the other towns of Haute Provence until just before World War II. Custom dictated that each villager in his turn donate to the fountain a bottle of the homemade aperitif whose most important and characteristic flavoring was and is star anise.

This most strangely beautiful of spices, carved as if out of precious wood, arrived from China through the port of Marseille and was distilled into an essence that was sold in vials by ambulant merchants who toured the countryside. The conduit (sometimes heavy and masking) that hoped to give poetic expression to the anise was often "eau de vie de marc," alcohol made with the cake and stalks that remain after grapes are pressed for wine. This would have been obtained from the local distillery.

Pastis means mélange in Provençal and the mixing took place at home behind closed doors following the inevitable stained and lettered handed-down family recipe. Into the mixture went the wild sunstroke aromatic plants, infused in the alcohol, for which the scratchy lunar garrigue of Provence is legendary.

Every recipe was different. M. Valabregue, the button shopowner, might include thyme while his neighbor M. Chabaud with the vineyards might put in savory. Or they might both use the same herbs but in different quantities or left to macerate longer. Or one might pick his right after a storm, the other after three weeks of throbbing pitiless sun. Pastis delivered the rude and violent topography of Giono's Provence, his "sensualité terrifiante," in a bottle.

The public bottle was all the lavender cross-vested, his jute sack slung diagonally across

*"The French must be made to understand that pastis is an honorable part of their heritage," says Alain Robert.*

his back on a bit of string, looked forward to after a morning of hallucinogenic heat in the July fields. He was the only person besides themselves whom Alain Robert and Pascal Roland sought to please when in 1990 they launched an artisanal "pastis gastronomique" out of Forcalquier under their Henri Bardouin label.

Robert's idea was to recreate the kind of homemade pastis — luminous, knitted with nuance, and with the floral quality of outlawed absinthe — that was the drink of his coming of age in nearby Manosque, where his family is in the very Provençal business of cultivating peaches. That meant staging a careful balancing act — "cuisine liquide," Roland calls it — in the laboratory with neutral-tasting beetroot or grain alcohol and some 50 plants.

Based on a turn-of-the-century formula found in the archives of the firm, which was established in 1878, Bardouin pastis includes nutmeg, cinnamon, thyme, clove, sage, anise, mace, gentian, hyssop, savory, white and black pepper, and cardamom.

Robert admits that selfishness and desperation were powerful motivators in developing Bardouin. The monster industrial brands were making his life as a fanatic man-in-the-café consumer of the aperitif miserable. With their high licorice content designed to hide the fact that so much has been left out, these streamlined, standardized pastis were sipping and anesthetizing his palate to the point of deadening it. Satisfied that the complexity and integrity of the product had been recaptured, Robert happily supplied Forcalquier with all the Bardouin it could drink the day La Fontaine des Quatre Reines was feted.

Robert's and Roland's only problem is one of image. Part of an extended family of European anise-based aperitifs that include ouzo in Greece and raki in Turkey, pastis is seen as an almost but not quite lowly drink of the populace. Its associations with nasty headaches, the busy bottle blonds of Saint-Tropez, the shady backstreet thugs of Marseille, and skulking mafia-mentality "paysans" don't help.

"Our message to you is that you don't have to be embarrassed to drink pastis," says Robert. "You can be as proud as a Bordeaux is to drink a first-growth Bordeaux, as proud as a Champenois is to drink a vintage Champagne, and as proud as a Scotsman is to drink a pure malt whiskey. The French must be made to understand that pastis is an honorable part of their heritage." Robert's pride, which is genuine, does not extend to his distillery, a gash of a metal hanger a couple of yards from the garrigue that sends back his livelihood.

Robert and Roland insist that Bardouin, priced 30 percent above Ricard and the other giant pastis makers, was never intended to take them on. (The giants are said to play games like planting fields of fennel, from which anise essence can also be derived, as a warning to importers of star anise that they'd better keep their prices down and as insurance against the day when it does become too expensive or unavailable.)

Pastis is a 200-million-bottle-a-year business in France, and Roland says Bardouin is far from attaining even a half-percent market share.

**B**UT who knows? It was Robert after all who invented Carlton, the peach-flavored sparkling wine that sold three million bottles in 1988 and that spawned so many copies that its creator said he stopped counting at 100. Thirteen months after the introduction of Bardouin, Jean Boyer pastis appeared on the shelves playing the same artisanal marketing card. Robert does not see this as a coincidence.

Interestingly, in a recent blind tasting Philippe Faure-Bregat, France's top-voted sommelier for 1988, and Frédéric Lebel, sommelier at the restaurant La Mairie in Paris, gave Bardouin 19 points out of a possible 20; Pastis 51, 15/20; Ricard, 13/20; and Boyer 12/20.

Ricard has had a big hit with an advertising campaign slogan that translates awkwardly as "If I can't have a Ricard, I won't have anything." Gently and in a manner of speaking, Henri Bardouin has thrown down the gauntlet.

Christopher Petkanas is the author of "At Home in France," a book about eating and entertaining in private French homes.



# 'Flying Mantuan' and His Very Own Museum

By Roderick Conway Morris

**M**ANTUA, Italy — To devote an entire museum to a sporting champion may seem an extreme case of that exaggerated local pride which the Italians call *campanilismo*. Yet the Tazio Nuvolari Museo, a collection of memorabilia, models, photos, documents and posters relating to the life of the Mantuan Grand Prix driver, who was born a century ago this year, is an unexpectedly absorbing experience, even for someone with no special interest in motorcars or racing.

The fascination lies partly in the man himself, a genuine one-off, who seems to have been physically indestructible by normal human standards, and partly in the museum's evocation of an era, not so long past, but now somehow remote, when driving a racing vehicle required the combined skills of a point-to-point jockey, mechanic, kamikaze pilot and all-in wrestler.

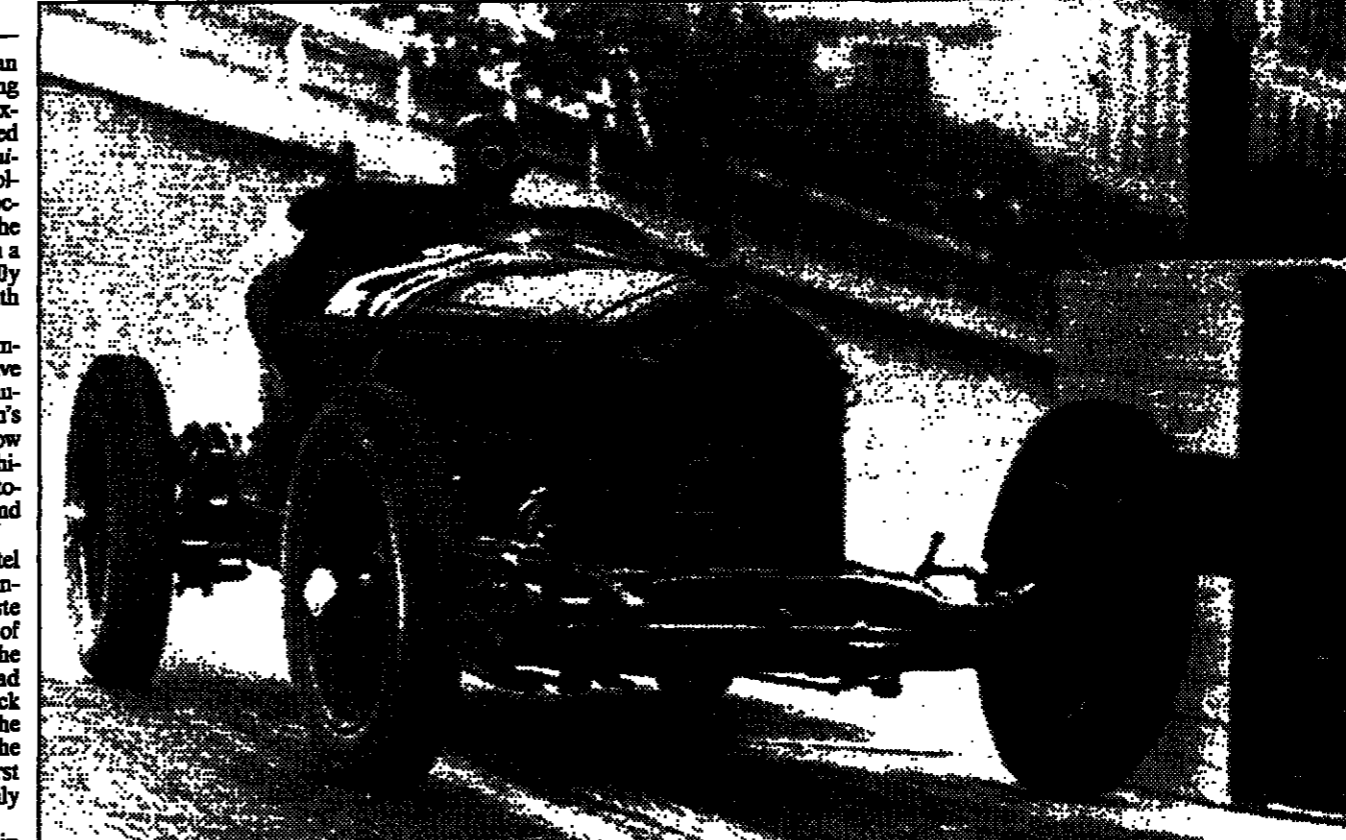
Nuvolari was born on a farm at Castel D'Ario, outside Mantua. His father and uncle were top-class cyclists. Tazio's first taste of high speed, on a motorcycle at the age of 11, ended in a ditch. In 1912 he bought the tangled wreckage of an airplane that had crashed on the plain nearby and put it back together. Unable to achieve liftoff from the ground, he launched it off the roof of the house. The machine hit a haystack and burst into flames and Nuvolari emerged only slightly singed.

While serving as an ambulance driver in World War I, he was detailed to take a visiting general back to headquarters. The officer disembarked with his hair standing on end, mumbling to the impassive Mantuan: "You ought to be a stretcher-bearer, driving really isn't the job for you."

The "Flying Mantuan," as he came to be called, spent much of the '20s racing motorcycles, mostly Bianchis, before switching to cars by the end of the decade, primarily Alfa Romeos, but sometimes Bugatis, Auto Unions and Ferraris. He was still competing and winning in 1950, when nearly 60. In total, he took part in 277 races, winning 107.

**H**IS career was punctuated by Indiana Jones-style feats: coming first at Nuremberg, despite being hit in the face by boiling oil spilling from a car in front; winning at Donnington Park after having hit a stag at full tilt; at Brno, after a tire burst, he completed the course with a back wheel stripped to the hub; and, at Turin, he crossed the finishing line guiding the car with a spanner, waving the steering wheel which had come off in his hands. He drove once with his leg in plaster, another time swathed in bandages like a mummy, after being badly burned.

Hospitalized in 1930, he received a telegram from the Vatican, assuring him that the



Tazio Nuvolari in his Alfa Romeo in 1932 Monaco Grand Prix.

Pope was praying for heavenly assistance to speed his recovery. Gabriele D'Annunzio, the war hero and literary celebrity, presented Nuvolari with a golden tortoise — "the slowest animal to the fastest man" — which became

## HEAR THIS

It looks like even The Boss has been having trouble getting in touch with his inner being and keeping up his self-esteem and stuff. "The whole image that had been created — and that I'm sure I promoted — it really always felt like, 'Hey, that's not me.' I mean, the macho thing, that was just never me." Bruce Springsteen told Rolling Stone magazine. So he did what he had to do, went into therapy, got a new wife and had a couple of kids, and found himself all over again: "I want to get up on stage and sing with all of the 42 years that are in me."

Nuvolari's badge and the logo of his car and writing paper.

Racing on the road against a plane in a dual-engine Alfa Romeo in 1931, Nuvolari was only just pipped at the post (the event is included in the museum's enjoyable video of classic footage). As Enzo Ferrari, who first raced against Nuvolari in 1924 and later enticed him to his own stable, recalls in a memoir in the museum catalogue: "He made news, caused a sensation, even when he didn't win."

A key weapon in Nuvolari's arsenal was his death-defying method of taking corners, which, according to Ferrari, was achieved by putting the car (which in earlier days did not have independent wheels and whose tires were pumped up to a high pressure), into a skid, and then hitting the floor with the accelerator — everything depending on the initial, exactly calculated wrench of the steering wheel. "Nobody," says Ferrari, "ever succeeded in reproducing the Tazio Nuvolari 'corner.' Many attempted to imitate it; many, by trying again and again came close to his technique, but at the more difficult corners they ended up pumping the accelerator. Nobody, absolutely nobody, dared to slam the pedal down like Tazio."

When car designs changed, Nuvolari developed a new trick, giving the steering wheel a series of precise jerks, and no longer holding down the accelerator. "His technique," says Ferrari, "remained a miracle of sensitivity to the limits of human capability and physical laws."

Unlike most of the champions of his generation, Nuvolari died peacefully in bed, in 1953. His body, dressed in racing gear, was placed in a coffin surmounted by the Italian tricolor, his helmet and a steering wheel. Then like some warrior of old, he was towed to his grave by a dozen young racing champions on foot.

This autumn the Nuvolari Museo is to be enlarged to mark the centenary. And, from Sept. 5 through Nov. 12, the 16th-century Palazzo Te, also in Mantua, is to host "The Automobile in Art: Myth and Image," a wide-ranging review from the Futurists to the present that will include popular art, publicity pictures, and comic and satirical views of that ubiquitous symbol and fetish of our age.

Roderick Conway Morris is based in Venice and writes for The New York Times and The Spectator.



**The World Through One Woman's Eyes**  
"La Belle Americaine au Pied-de-Cochon" (1954) is one of 200 works by the veteran French photographer Denise Colomb included in a retrospective of her work at the Palais de Tokyo. A book detailing her career, which began in the '30s, has been published by La Manufacture. The show ends Aug. 23.

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**Wisecracks**  
Directed by Gail Singer. U.S.  
"Wisecracks," Gail Singer's stunning documentary about women stand-up comics, may be the funniest film you see all year. It's chock-full of jokes on subjects that male comics are less likely to address — abortion, periods, that single stubborn hair growing out of a breast — but which take on an almost revolutionary aura, a feel of personal revelation, when talked about by women. In making the film, Singer seems to set two major goals: to provide a showcase for the best of the new women comics, and to demonstrate how stand-up may be the last bastion of male domination and sexism. This second point gives the movie a feminist political agenda. It shows how women have to fight twice as hard to be accepted in the world of comedy; how it is twice as hard for them to get onstage, and, once onstage, twice as hard to win over their audiences. Singer looks at these performers as feminist pio-

**A Stranger Among Us**  
Directed by Sidney Lumet. U.S.  
Melanie Griffith has the right to remain silent, but she doesn't in "A Stranger Among Us." As a hardened New York cop, she doubtless leaves suspects wondering just what she's got in mind when she mews: "Assume the position, scum." Hard as it is to believe, the kitzmish one was more credible serving strudel to Hitler in "Shining Through" than she is as this broad in blue. A preposterous cop movie that meets a romanticized portrait of the Hasidic community, it turns into a kosher "Witness," a kind of goels and locks up, as Griffith goes undercover to find a killer in Brooklyn's Park Slope. During her investigation, Griffith develops a crush on the rebbe's

**Man Trouble**  
Directed by Bob Rafelson. U.S.  
Not much about "Man Trouble," a sad mess directed by Bob Rafelson, written by Carole Eastman and starring Jack Nicholson, suggests that these three collaborated on one of the most haunting and representative films of another day. The memory of "Five Easy Pieces," plus a few moments in which Nicholson cuts loose despite the halfheartedness of what surrounds him, are all that mark "Man Trouble" as a film with a distinguished pedigree. Nicholson and Ellen Barkin play Harry Bliss, a dog trainer who's

**down on his luck, and Joan Spruance, an opera singer who is in some way "trying to find her voice." There is visual evidence to prove that they spent time together while the film was being made, but in effect the two performances seem to come from different continents. Barkin, looking uncharacteristically pert and affecting a stilted, ladylike speaking voice, seems particularly uneasy. Even Nicholson's rare gift for managing to behave comfortably under any circumstances is put to the test. Rafelson makes surprisingly ineffectual use of him. Also in "Man Trouble," and mostly bogged down by the film's joyless approach to comedy, are Michael McKean, David Cionnon and Veronica Cartwright as two of Joan's fellow musicians; Saul Rubinek as an amazingly slick lawyer, and Paul Mazursky as a dog dealer. A film that can't find much deadpan wit in a scene parring Mazursky and Nicholson is indeed a study in missed opportunities.**

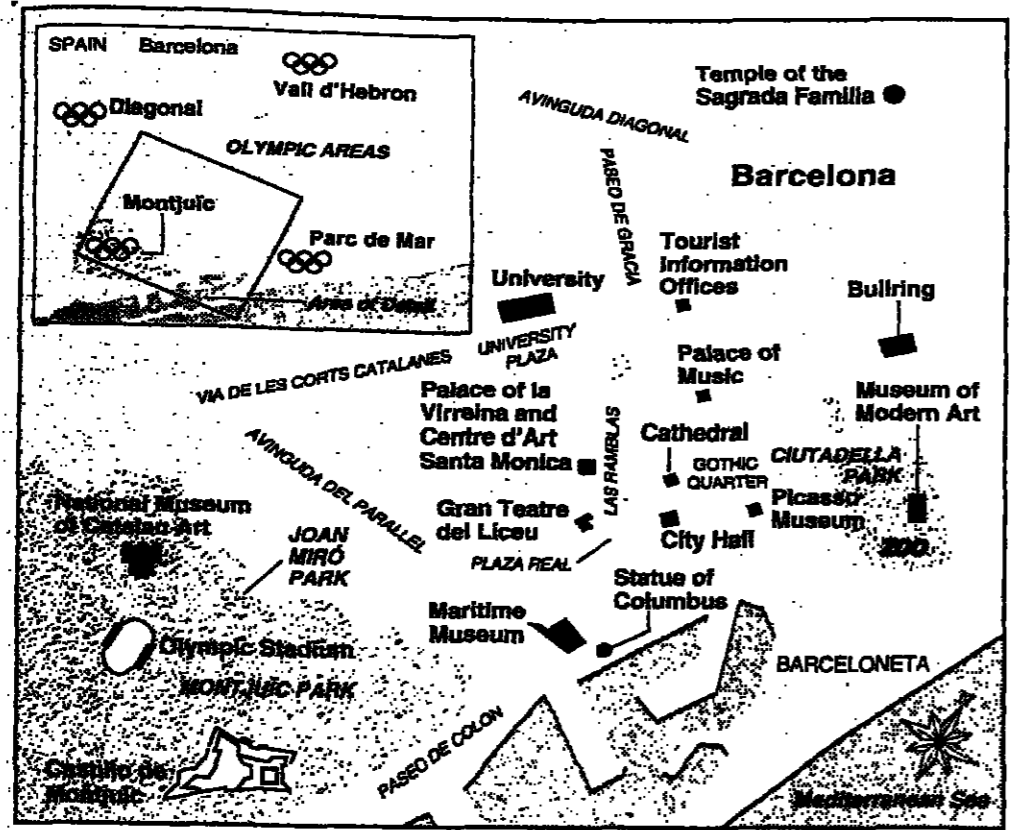
(Janet Maslin, NYT)

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Beyond the Olympics A Guide to the Rest of Barcelona

By Doug Cress. BARCELONA — No one can sit through 13 straight days of basketball...

New European Frequent Flier Programs

By Roger Collis. THE race is on among European airlines to sign up frequent travelers in their frequent flier programs...

THE ARTS GUIDE

AUSTRALIA Sydney Powerhouse Museum (tel: 217.0111). To Dec. 1: "Australian Crafts: New Works 1988-92..."

THE ARTS GUIDE

SWITZERLAND Basel Kunstmuseum (tel: 271.08.28). To Sept. 29: "Transform: PictureObject Sculpture in the 20th Century..."

DO'S AND DON'TS

Subway Rock. Do visit the Plaza Catalunya Metro station on weekend nights around 8. That's when some of Barcelona's best unknown rock bands make use of the tile acoustics in free concerts.

DO'S AND DON'TS

Bargain All the Way. Don't pay for anything in the souvenir shops along Las Ramblas without bargaining.

Table with columns: Country, Currency, 12 months, 6 months, 3 months. Lists exchange rates for various countries.

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miRAGE. Kroninger's "Mirage" in New York. Berlin Neue Nationalgalerie (tel: 266.6).

Crossword puzzle grid with clues. Clues include: 1 Small flounders, 5 Woody's scion, 9 Pierre's date.

Down clues for crossword puzzle. 1 Remove a spar, 2 Astronaut carrier, 3 Family of executed Soviet chief-police.

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Herald Tribune logo and additional contact information.







Medious:  
rench and  
mericans

By Flora Lewis

IS — The current French American war is not over. The accounts of the UN General Assembly about Sarajevo people being hooded at their own trial in Paris, Washington officials in the Pentagon, and the UN Security Council, all call it "unstable." It is an "insider's" view of the post-Cold War world. It is a view that is shared by bureaucrats and politicians on both sides. Even officials call it "unstable." It is a view that is shared by the last meeting of the UN Security Council in Paris. It is a view that is shared by the last meeting of the UN Security Council in Paris. It is a view that is shared by the last meeting of the UN Security Council in Paris.

**WALL STREET WATCH**

**Analysts Hope for a Hit In New Chrysler Models**

By Doron P. Levin  
New York Times Service

NEW YORK — Few new products from Detroit in recent years have provoked as much curiosity on Wall Street as Chrysler Corp.'s mid-sized models, code-named L/H and set to be sold as the Dodge Intrepid, Eagle Vision and Chrysler Concord.

Most of the 22 automotive analysts tracked by Zacks Investment Research Inc. in Chicago are already recommending either a full-fledged buy or a buy-hold on Chrysler stock.

The main reason for the buy signal is that the economy is in an early phase of recovery, which usually spells price appreciation for the cyclical automotive stocks. But if the L/H succeeds "it could give the stock an especially strong tailwind," said Jerry G. Sanford, automotive analyst for Sanford C. Bernstein & Co., which owns about 20 million Chrysler shares.

Accordingly, several financial analysts took the unusual step this week of attending the L/H debut in Rancho Santa Fe, California, held principally for automotive journalists.

Cars made by competitors were available, too, so analysts and reviewers could drive a \$19,000 Intrepid for a while, and then switch to a \$30,000 Acura Legend to see how they compared.

Hobbled by low credit ratings and unfunded pension liabilities of \$4 billion, Chrysler now needs a "home run" car to restore financial stability and confidence.

Analysts were optimistic when they saw hand-built L/H prototypes last year. But they were eager to assess how L/H's built on production tooling, compared with competing models such as the Taurus, Toyota Camry and the Legend.

They were also keen to hear professional judgments of automotive reviewers, because their recommendations often shape consumers' early buying patterns.

**THE REACTION** of Kathy Hamilton, senior editor of Automobile magazine, seemed to exemplify what most automotive writers were saying: "The consensus was that this is an exceptional automobile. It definitely was major league, in my opinion, and the first American car I've seen in a long time that you could call state of the art."

Reviews of the L/H cars will begin appearing next week; the cars will trickle into dealerships during August and September and become more readily available later in the fall.

Chrysler executives said the L/H proved they have been able to restructure their development process from a hierarchical system to a team system, in the manner of the best of their Japanese competitors.

But analysts warned that Chrysler must still prove it can maintain the quality of the L/Hs when the assembly line cranks up to speed. And the economy must grow robustly enough to provide buyers. Given those caveats, the L/H could once more make Chrysler stock a great turnaround story.

Harvey Heinebach, Merrill Lynch & Co.'s automotive analyst, said that driving the L/H and listening to reviewers extol its virtues reinforced his confidence in the No. 3 automaker. If Chrysler sells 225,000 L/H cars annually, pretax profit could top \$1.1 billion, he estimated.

The depressed price of Chrysler stock during the last two years reflects the automaker's recent earnings performance: break-even in 1990 followed by a \$795 million loss last year.

But unlike Ford and General Motors Corp., Chrysler's balance sheet remains scarred by its near-bankruptcy in the early 1980s. The automaker can no longer borrow money in public credit markets.

In December, when Chrysler was forced to raise \$350 million of new equity, its common stock was selling for roughly \$10 a share. That compared with a peak of \$48 a share just before the market collapse of 1987. The shares rose 62.5 cents on the New York Stock Exchange Thursday, to close at \$19.125.

**Delta to Cut Staff by 5% In Reaction To Losses**

Compiled by Our Staff From Dispatches

ATLANTA — Delta Air Lines Thursday announced a 5 percent staff cut in the remainder of 1992 as part of a plan to reduce costs.

The Delta chairman and chief executive officer, Ronald Allen, said the airline's unsatisfactory economic performance required the action.

Delta earlier Thursday reported a fiscal 1992 yearly loss of \$306.3 million. In the previous fiscal year, the company lost \$324.4 million.

The airline said it had a \$180.2 million loss in the April-June quarter. Revenues in the quarter rose to \$2.83 billion. In the comparable quarter a year ago, Delta had a profit of \$19.2 million.

Mr. Allen said the cuts would occur among Delta's temporary employees, most of whom occupy full-time positions.

He also said Delta would revise its medical benefits.

The company's vacation policy for the coming year will also be adjusted to bring it closer in line with those of other airlines and U.S. industry in general, he said.

Delta estimated current employment level at the airline at about 80,000. Furloughs of permanent personnel are not anticipated at this time.

Delta has initiated talks with union representatives of pilots and flight attendants to discuss revisions in their benefits, Mr. Allen said.

The effect of the cost-cutting is expected to improve the company's financial results by about \$375 million for the current fiscal year, which began on July 1, 1992, and will expand to about \$700 million by fiscal 1995.

Delta said the program was part of an overall plan that includes a recently announced \$5 billion reduction in capital expenditures planned through fiscal year 2001 as well as the reduction of short- and long-term debt.

The cost-reduction plan also included the recent infusion of new equity through the sale of \$1.15 billion of depository shares of convertible preferred stock.

At the end of fiscal 1992, Delta's debt-to-equity position was 43 percent debt to 57 percent equity, compared with 46 percent debt to 54 percent equity at the end of fiscal 1991.

"This industry cannot continue to price itself below the cost of providing its service," he added.

Last year the carrier bought the trans-Atlantic and European operations from Pan Am Corp. and the Boston-New York-Washington route.

In April, Delta announced it would cut capital spending by about \$5 billion and buy 100 fewer planes through 2001.

Separately, in Arlington, Virginia, USAir Group, the parent of USAir, reported a second quarter loss of \$84.9 million compared with a loss of \$56.8 million in the second quarter of last year.

USAir, the principal subsidiary of USAir Group, reported a net loss of \$77.6 million for the quarter, compared with a loss of \$52.3 million in the year-ago period.

USAir released its results two days after announcing a \$750 million alliance with British Airways PLC that will give the British carrier a 44 percent stake. (Reuters, AP)

**DEC Catch-up Tab: \$1.8 Billion**

By Lawrence Malkin  
International Herald Tribune

NEW YORK — Digital Equipment Corp., the second-largest U.S. computer company, Thursday reported a quarterly loss of \$1.86 billion, the huge cost of not keeping pace with innovation that had already cost its founder-president his job.

Only \$188 million of the total came from actual operating losses in the last quarter of its financial year, which ended June 30. An additional \$1.5 billion represented restructuring charges for layoffs and other cost-cutting measures in the current year.

For the full year, there was a \$3.8 billion loss, a downhill slide from the previous year's deficit of \$617 million. Sales edged down 1 percent in the fourth quarter, to \$3.93 billion, and were flat for the year at \$13.93 billion.

The latest quarterly result compared with a loss of \$871 million in the same period a year earlier, a figure that also included a \$1.1 billion restructuring charge. Digital, which now employs 113,800 people, has eliminated more than 23,000 jobs since 1989, and analysts estimated as many of 15,000 more could go in the current year.

Company executives said last year's cutbacks saved it \$1 billion and they hope to achieve the same savings this year, and they may include sales of some small divisions.

They predicted a turnaround in the second half of the current year, when most of the dismissals will be over and machines based on the company's new Alpha chip go on sale.

Digital stock rose immediately after the earnings announcement, but then eased, ending 62.5 cents lower, at \$39.875, on the New York Stock Exchange. Still, the stock is nearly 20 percent above its recent lows, and some analysts said the company was finally addressing its problems.

"This is one of those quarters when the figures are less relevant than the context surrounding them," Richard S. Chu, an analyst at Cowen & Co., told Bloomberg Business News.

The latest cutbacks had been resisted by Kenneth H. Olsen, the 66-year-old former professor at the Massachusetts Institute of

**Jobs Data Show U.S. Weakness**

New Claims Rise For Benefits

Compiled by Our Staff From Dispatches

NEW YORK — New claims for unemployment benefits jumped to a two-month high of 422,000 for the week ended July 11, the Labor Department reported Thursday, a clear sign of weakness in the labor market.

The increase of 19,000 over the prior week might have been exaggerated by a spillover from the Fourth of July holiday, but the four-week average has begun to move up and claims have risen from the April and May level of 410,000.

In a survey of 1,000 corporate controllers by the Institute of Management Accountants, only 17 percent said their companies planned to hire new workers for the rest of the year.

Many of the nation's manufacturing and construction executives continue to experience weakness in their industries and are not optimistic about business conditions in the near future. Dun & Bradstreet Corp. said, based on a monthly survey.

In Washington, the White House predicted unemployment would drop to 6.9 percent by the end of the year in its midyear budget review.

The administration projected the economy would grow 2.1 percent from the fourth quarter of 1991 to the fourth quarter of 1992, less than half the growth experienced during a normal economic recovery.

A big improvement was reported in the deficit outlook for this fiscal year — \$333.5 billion as opposed to the \$399.4 billion projected earlier — but the White House said this was largely due to a failure of Congress to approve more money for the nation's failed thrifts.

The ABC-Money Magazine Consumer Comfort Index, which forecasted last year's dip in the recovery, fell for the fourth straight week, to 53, nearing its low of 50.

The statement by Michael Boskin, chairman of the Council of Economic Advisors, that the economy could achieve a 2.7 percent annual growth rate in the second quarter contrasted with an earlier forecast of the Federal Reserve Board chairman, Alan Greenspan. He told the Senate Banking Committee on Tuesday that he expected economic growth in the April-June quarter to fall below the 2.7 percent rate of the first quarter.

In Chicago, Treasury Secretary Nicholas F. Brady said that 1993 and 1994 would be outstanding for the U.S. economy, but this year would be in transition as families and businesses concentrate on reducing their debt.

Richard Darman, director of the Office of Management and Budget, blamed Congress for the budget deficits because it has failed to approve spending cuts that President George Bush proposed.

The Democrat-controlled Congress also increased deficits by failing to pass Mr. Bush's economic stimulus package, he said, adding that if the economy had been stimulated to grow faster, budget deficits would have been less.

Mr. Darman spoke after the White House released its estimates on the future of the economy. (Reuters, IHT, Bloomberg, UP)

**Mexico Hangs Future on Free Trade**

By Tim Golden  
New York Times Service

MONTERREY, Mexico — When Mexico dreams of itself as a free-trading country, it imagines Monterrey.

Driving through this rugged city in a Mexican-made Ford or a Mexican Chevrolet, the vision comes into focus against the jagged spine of the Sierra Madre.

Past the freshly painted houses of factory workers and the apartment buildings sprouting satellite dishes, the elegant quarters of big industrial companies stare out from a hillside.

Beside the rusted carcass of what was the largest foundry in Latin America, 250,000 square feet (23,000 square meters) of new convention center glow.

Past a Blockbuster Video outlet, the Burger King and the Sirlon Stockade, a sign reads Nacional Lumberyard in Spanish. But the structure from which it rises is not that at all.

As a joint venture would have it, the store is Mexican but the shelves are stocked by True Value Hardware, even the nails come from the United States.

After half a century of devout economic nationalism, Mexico's embrace of a proposed North American free-trade agreement has crystallized changes in everything from the way the country does business to the way it looks.

To an extent that is difficult to fathom in the United States or Canada, where the treaty would mean far less economic or social change, the idea of a union with two big, rich neighbors has come to dominate Mexican imagination.

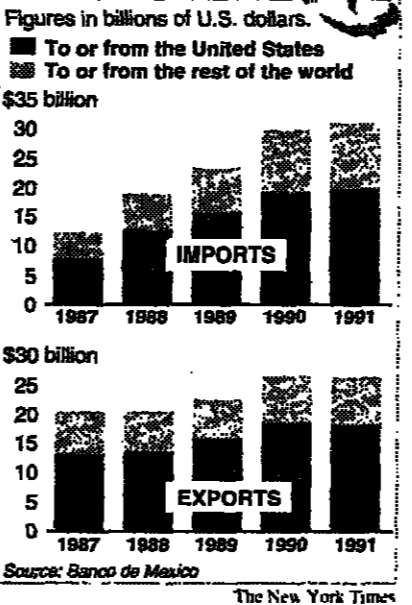
In the future that President Carlos Salinas de Gortari has professed to his countrymen, free trade has become a guarantee of their deliverance from underdevelopment. The rapid Americanization that has already taken place in Mexico's consumer culture whispers that the economy, too, might be transformed in America's image.

But the expectations of a new prosperity are at best unevenly shared. In some industries, the pain of adjusting to foreign competition is just starting to be felt.

Ancient factories, decrepit infrastructure and poor, uneducated workers challenge the idea of competing at all. At the other ends of Mexico from Monterrey, the fear of being left behind is palpable.

In Tuxtepec, a river town a few dozen miles inland from the Gulf of Mexico in the southern state of Oaxaca, Andrea Solis Ramon, 23, said she believed free trade had changed some things already. But as she stood across railroad tracks from a dilapidated sugar mill and scolded the tiny children running shoeless through

**Mexico's Trade**



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**CURRENCY RATES**

Currency	Per \$	Per 100	Per 1000
Australian dollar	1.32	132.00	1320.00
British pound	1.65	165.00	1650.00
Canadian dollar	0.75	75.00	750.00
French franc	6.55	655.00	6550.00
German mark	1.36	136.00	1360.00
Japanese yen	148.00	14800.00	148000.00
Swiss franc	1.48	148.00	1480.00
U.S. dollar	1.00	100.00	1000.00

**Other Dollar Values**

Currency	Per \$	Per 100	Per 1000
Argentine peso	1000.00	100000.00	1000000.00
Brazilian cruzeiro	2000.00	200000.00	2000000.00
Chinese yuan	8.27	827.00	8270.00
Indian rupee	47.50	4750.00	47500.00
Italian lira	2036.27	203627.00	2036270.00
South African rand	13.76	1376.00	13760.00
South Korean won	200.00	20000.00	200000.00
Thai baht	50.00	5000.00	50000.00
U.S. dollar	1.00	100.00	1000.00

**INTEREST RATES**

Term	Rate
1 month	5.75%
3 months	6.00%
6 months	6.25%
1 year	6.50%

**Key Money Rates**

Instrument	Rate
3-month Treasury bill	5.75%
6-month Treasury bill	6.00%
1-year Treasury bill	6.25%
3-month Treasury note	6.50%
6-month Treasury note	6.75%
1-year Treasury note	7.00%

**U.S. Money Market Funds**

Fund	Assets	Yield
Merrill Lynch Realty Asset	\$1.1 billion	5.75%
Tobacco Investors Fund	\$1.1 billion	5.75%

**GOLD**

Market	Price
Gold	\$375.00
Gold futures	\$375.00
Gold coins	\$375.00

**Suzuki and SEAT Set to Build Minicars**

By Brian McGarry  
Special to the Herald Tribune

BARCELONA — Suzuki Motor Corp. and SEAT SA, the Spanish car-making subsidiary of Volkswagen AG, on Thursday said they would collaborate on producing minicars in Europe, where sales of such cars are expected to burgeon.

The two companies plan to jointly develop and produce a new small car for the European market, which could represent a radical addition to the European consumer's choice of car models. The car, to be built in Spain, will be based on the Japanese minicar concept: a very small car with sophisticated technology generally found only in large European cars.

Suzuki and SEAT released few financial details, but Kyodo News Service of Japan said investment in the venture was likely to total up to 40 billion yen (\$320 million).

**But Arthur Maher, an analyst at DRI, said a new car such as the one proposed by SEAT and Suzuki is "an example of where sector boundaries are breaking down."**

"The minicar of the mid-1990s will be a very different proposition from what it is today," he said.

Production of the new minicar is to begin at SEAT's Zona Franca plant in Barcelona in 1995; at a rate of 150,000 units a year. The car will be sold in Europe under both the SEAT and Suzuki badges.

The project will be confirmed by the presidents of Volkswagen, SEAT and Suzuki at a signing ceremony on Saturday, the inaugural day of the Barcelona Games, by Carl Hahn, Juan Antonio Diaz Alvarez, and Osamu Suzuki, the respective presidents of Volkswagen, SEAT and Suzuki. SEAT is an official sponsor of the Games.

**Buffett Takes 15% Of General Dynamics**

Compiled by Our Staff From Dispatches

NEW YORK — Warren E. Buffett has purchased a major stake in General Dynamics Corp., a move that analysts said could prestage the break-up of the company.

General Dynamics Corp. said Thursday that Berkshire Hathaway Inc., the insurance company Mr. Buffett uses to make his investments, has purchased 4.35 million shares of General Dynamics stock, or 15 percent of the company.

News of Mr. Buffett's investment helped push General Dynamics shares to a 52-week high of \$75.625. At that price, Mr. Buffett's General Dynamics investment was valued at more than \$325 million.

Some analysts have speculated that Chairman William A. Anders of General Dynamics may be trying to break up the whole company. Paul Nisbet of Prudential Securities in New York said Thursday that Mr. Buffett's stock purchase was a strong indication of such a strategy. "We expect General Dynamics to be liquidated over the next year and a half," Mr. Nisbet said. "Buffett is a very sophisticated investor and that is obviously what he expects to happen. It's the only way he could make money on the investment."

George Podrasky Jr., an analyst at Duff & Phelps, wrote, "We assume Mr. Buffett's interest in General Dynamics reflects his own estimate of break-up value for General Dynamics rather than a sanguine outlook for defense spending." Mr. Podrasky said the company's earnings outlook was poor.

A spokesman for General Dynamics, a big defense contractor, said Mr. Buffett called Mr. Anders Wednesday to say he would file the information about his purchases with the Securities and Exchange Commission Thursday.

Due to rules on prompt disclosure of such investments, Mr. Buffett had to buy most of his General Dynamics stock in recent weeks when it has been at its highest levels in several years. Between early April and early June, the stock perched at about 65 and then moved higher. The stock has almost doubled since hitting its 52-week low of \$39.125 last September.

Berkshire Hathaway spokesmen offered no comment on the purchase except to say it was for investment purposes.

Mr. Buffett told Mr. Anders that he liked General Dynamics' strategy and its efforts to increase shareholder value, according to the General Dynamics spokesman. Under Mr. Anders, the company is shrinking to a size commensurate with the reduced status of the defense industry.

Mr. Buffett's usual approach is to buy large stakes in what he thinks are well run companies and hang on. (Bloomberg, UP)

50 YEARS AGO

Raids on England



MARKET DIARY

Bond Rally Helps Stocks Post Gains

NEW YORK — U.S. stocks, aided by a bond rally, withstood concerns about the economic recovery and the falling popularity of President George Bush to close higher Thursday.

The Dow Jones industrial average rose 12.43 points, to 3,290.04.

N.Y. Stocks

Advancing common stocks outnumbered declining issues by about a 7-to-6 margin on the New York Stock Exchange. Trading was moderate, with about 176 million shares changing hands, down from 190 million on Wednesday.

Stocks were bolstered by computer-driven buy orders and declining Treasury bond yields. The yield on the benchmark 30-year bond fell to 7.54 percent, its lowest level since January. On Wednesday, the yield was 7.62 percent.

Bonds got a boost at the start of trading, when the Labor Department said initial unemployment claims for the week ended July 11 rose 19,000, to 422,000. "This will help convince people that at the very least the employment situation isn't getting better and could be getting worse," said Fred Leiner, market strategist at Continental Bank.

Gerald Simmons, manager of Institutional trading at Interstate-

Johnson Lane, said stocks were less swayed by the decline in interest rates than by the depiction of a weak economy. "Lower rates can only drive the market higher for so long," he said.

But Barry Berman, head trader at Robert W. Baird & Co., said: "Interest rates are low and inflation is almost nonexistent. All this stock market needs to go higher is a good economic report, but the market just isn't getting any good economic news."

Corporate profits, meanwhile, have been mixed. Microsoft rose 3/4 to 70 1/2, after recording last week on Wednesday a 52 percent increase in its fourth-quarter earnings, to \$210 million.

Delta Air Lines fell 1/4, to 53 1/4, after posting a fourth-quarter loss. Chemical Banking fell 1/4, to 34 1/4, after saying it would redeem all outstanding shares of its preferred A stock.

Amdahl led the American Stock Exchange actives, down 1/4 to 14 1/4. Pyxis Corp., the most active over-the-counter issue, ended at \$17.3 points above its initial public offering price of \$14.

Symantec rose 1/4, to 21, recouping just a fraction of Wednesday's 7 1/2 point plunge, triggered by concerns about rising costs and slowing sales growth. First Boston raised its rating of the software maker to "buy" on Thursday.

(Bloomberg, Reuters)

Jobless Claims Weaken Support for the Dollar

NEW YORK — The dollar finished lower against most major currencies in cautious trading Thursday, with more weak economic data providing selling pressure.

It was the third straight decline against the Deutsche mark since

Treasury Secretary Nicholas F. Brady left some participants puzzled when he said the United States was not seeking to depreciate the dollar, but he did say how low the dollar might fall before central banks intervened again.

"People are beginning to think the central banks may have been trying to defend the dollar from falling, not trying to push it up," said John Duffy, a foreign exchange trader at Bayerische Vereinsbank.

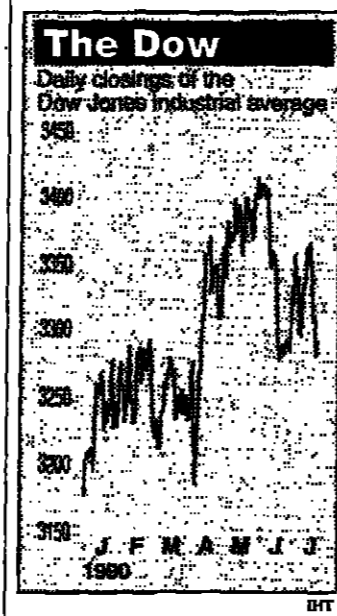
The dollar might break out of its range after June durable goods orders are released tomorrow, traders said, but even a strong report is not likely to give the dollar much of a lift.

"The key is economic data — until you get a sustained series of positive economic numbers, there won't be much upside for the dollar," said Earl Johnson, a vice president at Harris Bankcorp.

The dollar also slipped to 1.3145 Swiss francs and 5.0015 French francs from 1.3169 and 5.0120 on Tuesday. The pound rose to \$1.9160 from \$1.9065.

The dollar ended lower in London earlier at 1.4865 and 126.63 yen, down from 1.4895 and 126.93 Tuesday.

(Bloomberg, Reuters)



NYSE Most Actives

Table listing NYSE Most Actives with columns for Volume, High, Low, Last, and Change. Includes stocks like Amtrak, Amgen, and Amstar.

AMEX Most Actives

Table listing AMEX Most Actives with columns for Volume, High, Low, Last, and Change. Includes stocks like Amgen, Amstar, and Amtrak.

NYSE Diary

Table listing NYSE Diary with columns for Volume, High, Low, Last, and Change. Includes stocks like Amgen, Amstar, and Amtrak.

Amex Diary

Table listing Amex Diary with columns for Volume, High, Low, Last, and Change. Includes stocks like Amgen, Amstar, and Amtrak.

NASDAQ Diary

Table listing NASDAQ Diary with columns for Volume, High, Low, Last, and Change. Includes stocks like Amgen, Amstar, and Amtrak.

Dow Jones Averages

Table showing Dow Jones Averages with columns for Open, High, Low, Last, and Change. Includes Industrial, Transport, and Composite.

Standard & Poor's Indexes

Table showing Standard & Poor's Indexes with columns for High, Low, Close, and Change. Includes Industrial, Transport, and Composite.

NYSE Indexes

Table showing NYSE Indexes with columns for High, Low, Close, and Change. Includes Composite, Industrial, and Transport.

NASDAQ Indexes

Table showing NASDAQ Indexes with columns for High, Low, Close, and Change. Includes Composite, Industrial, and Transport.

AMEX Stock Index

Table showing AMEX Stock Index with columns for High, Low, Close, and Change. Includes Composite, Industrial, and Transport.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages with columns for High, Low, Close, and Change. Includes 20 Bonds, 10 Utilities, and 10 Industrials.

Market Sales

Table showing Market Sales with columns for NYSE, AMEX, and NASDAQ. Includes volume and value.

N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. Odd-Lot Trading with columns for Buy, Sell, and Short. Includes volume and value.

S&P 100 Index Options

Table showing S&P 100 Index Options with columns for Strike, Call, Put, and Volume. Includes various strike prices.

EUROPEAN FUTURES

Table showing EUROPEAN FUTURES with columns for Close, High, Low, Prev. Close, and Change. Includes Food, Metals, and Financial.

Food

Table showing Food futures with columns for High, Low, Close, and Change. Includes Soybean, Corn, and Wheat.

Metals

Table showing Metals futures with columns for High, Low, Close, and Change. Includes Aluminum, Copper, and Gold.

Financial

Table showing Financial futures with columns for High, Low, Close, and Change. Includes 3-Month Sterling, 3-Month Eurodollar, and 3-Month Euroswap.

Stock Indexes

Table showing Stock Indexes with columns for High, Low, Close, and Change. Includes FTSE 100, Nikkei, and Hang Seng.

Dividends

Table showing Dividends with columns for Company, Dividend, and Yield. Includes Amgen, Amstar, and Amtrak.

To Our Readers

Paris sugar prices were not available for this edition because of transmission problems.

McDonald's Results Disappointing

OAK BROOK, Illinois (Bloomberg) — McDonald's Corp. shares dropped \$2.75, to \$42.25, Thursday after the fast-food giant reported second-quarter earnings below analysts' expectations.

McDonald's said earnings rose 9.5 percent to \$254.1 million, or 69 cents a share, up from \$232 million, or 63 cents, in the same period a year ago. Revenue increased to \$5.39 billion from \$4.96 billion.

Estimates of McDonald's earnings per share averaged 71 cents, according to a survey of 14 analysts by Zacks Investment Research Inc. "The reaction after first quarter was that everything was trending upward," said analyst Barry Ziegler of A.G. Edwards & Sons Inc. "It doesn't appear to be a follow-through."

Salomon Reports Strong Quarter

NEW YORK (Bloomberg) — Salomon Inc. turned in a strong second-quarter performance with earnings of \$211 million, up from last year's \$178 million, despite a special charge of \$185 million that was part of a settlement with the U.S. Treasury.

Before the charge, pretax earnings of \$651 million and after-tax earnings of \$375 million were the highest of any quarter in Salomon's history. Salomon's second-quarter net was well above the \$190 million in the first quarter, and nearly double what analysts were expecting, according to Zacks Investment Research Inc.

MCI Revenue, Market Share Rise

WASHINGTON (Bloomberg) — MCI Communications Corp. said Thursday its second-quarter revenue moved ahead 10.7 percent, to \$2.61 billion, easily surpassing the growth rate in telecommunications at its major rivals, American Telephone & Telegraph Co. and Sprint Corp.

The telecommunications carrier reported net income grew 9.3 percent, to \$141 million, from the similar quarter last year. MCI has about 17 percent of the U.S. long-distance market, compared with roughly 66 percent for AT&T and about 8 percent for Sprint.

ITT Net Falls 45% for Quarter

NEW YORK (AFX) — ITT Corp. reported a 45 percent decline in second-quarter net earnings, to \$106 million from \$194 million in the comparable quarter of last year.

Sales were up slightly, to \$5.4 billion from \$5.1 billion. The company reported a net loss of \$366 million for the first six months, compared with a \$406 million profit in the previous year.

Weak Demand Drops Oil Earnings

NEW YORK (Combined Dispatches) — Texaco Inc., Ashland Oil Inc. and Exxon Corp. all reported lower quarterly earnings Thursday, blaming recession-related weakness in demand for price cuts on gasoline and other products.

Exxon, the world's largest oil company, said net income fell 15 percent, to \$955 million, from \$1.13 billion in the second quarter last year. The second-quarter results included a \$75 million charge for restructuring of the company's domestic oil and gas operations.

Texaco Inc. said earnings dropped 8.9 percent, to \$245 million, and its chairman at \$9.4 billion. Ashland Oil's earnings dropped 52.2 percent, with earnings of \$32 million for its third fiscal quarter. Revenue was up slightly at \$2.6 billion.

Whirlpool Reports 8% Decline

BENTON HARBOR, Michigan (Bloomberg) — Whirlpool Corp., the world's biggest maker of home appliances, reported on Thursday an 8 percent decline in second-quarter earnings because of economic and political problems in Brazil.

Whirlpool earned \$53 million, down from \$58 million in the comparable period last year. Revenue rose 4 percent to \$1.84 billion. The Brazilian government recently initiated price controls in an effort to lower inflation, which hurt Whirlpool's profit margin. Whirlpool reported weaker results in Brazil after earning about \$9 million last year.

U.S. FUTURES

Table showing U.S. FUTURES with columns for Season, High, Low, Open, High, Low, Close, and Change. Includes Grains, Metals, and Livestock.

Grains

Table showing Grains futures with columns for High, Low, Close, and Change. Includes Wheat, Corn, and Soybeans.

Metals

Table showing Metals futures with columns for High, Low, Close, and Change. Includes Platinum, Gold, and Silver.

Livestock

Table showing Livestock futures with columns for High, Low, Close, and Change. Includes Cattle, Hogs, and Pigs.

Financial

Table showing Financial futures with columns for High, Low, Close, and Change. Includes 3-Month Eurodollar, 3-Month Euroswap, and 3-Month Sterling.

Stock Indexes

Table showing Stock Indexes with columns for High, Low, Close, and Change. Includes FTSE 100, Nikkei, and Hang Seng.

Commodity Indexes

Table showing Commodity Indexes with columns for High, Low, Close, and Change. Includes S&P 500, Dow Jones, and NYSE.

Market Guide

Table showing Market Guide with columns for Market, High, Low, Close, and Change. Includes Amgen, Amstar, and Amtrak.

Market Board of Trade

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WORLD STOCK MARKETS

Agence France Presse July 23

Table showing Amsterdam stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Helsinki stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Hong Kong stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

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Table showing Paris stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Sao Paulo stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Singapore stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Stockholm stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Tokyo stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Zurich stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Food stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Metals stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Livestock stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Table showing Financial stock market with columns for Close, Prev., and Change. Includes Amgen, Amstar, and Amtrak.

Germany Vetos Gillette Link

BERLIN (AFX) — The German cartel office said Thursday it had blocked a proposed merger between Gillette Co. and Wilkinson Sword in the German market.

The office said the proposed regrouping of Gillette's activities with the Dutch holding company Management Services, which distributes the Wilkinson brand in Europe, would allow the two companies to hold a near-monopoly of the German razor-blade market.

Two years ago, Gillette took over its competitor Wilkinson from the Dutch holding company Emiland Holdings NV. Gillette wanted to acquire Wilkinson's worldwide business, but compromised to leave Wilkinson's European Community and U.S. business with Emiland.

(Bloomberg, AFX)

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(Bloomberg, AFX)

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# Europe: Out of the Business of Business

By Patrick O'Ster

**BRUSSELS** — Italy is selling off industries that have been part of the government since Mussolini's day. France is cutting loose everything from computer companies to insurers. Germany this week announced plans to sell at least parts of Lufthansa and Deutsche Bundespost Telekom, the national telecommunications system, as well as a number of smaller enterprises.

Governments across Western Europe are scrambling to get out of the business of business. "This has been happening all over the world for the last 10 years. Finally it's happening in Western Europe," said Oliver Letwin, a merchant banker with the London firm of N.M. Rothschild & Sons Ltd.

Aside from leveling the playing field, the trend may provide private firms with lower costs for phone, electric, rail, airline and other services as market efficiencies take hold, said Mr. Letwin, whose firm has handled privatization in 22 countries.

Two forces are behind the move to sell state-run companies: New European Community rules that ban billions in state subsidies.

The need to trim huge budget deficits and national debt to qualify for EC monetary union. EC members must get budget deficits down to 3 percent of gross domestic product and national debts to 60 percent of GDP under a formula proposed by the Maastricht treaty.

## Bank Buys into Aerospaciale

**PARIS** — Crédit Lyonnais, the French government-controlled bank, will acquire a stake of 20 percent in Aerospaciale, the state-held aerospace and defense company, a statement from the Finance Ministry said Thursday.

Crédit Lyonnais will pay 1.4 billion francs (\$278.9 million) to subscribe to an Aerospaciale capital increase and will also allocate 2 percent of its own share capital to the state. The government's stake in Crédit Lyonnais would rise as a result to 56.3 percent from the current 54.3 percent.

The ministry said the accord will take effect over the next few months. Aerospaciale had said in May that it had expected an accord with the bank by the end of 1992 and press reports have cited fears in the government that the arrangement may lead to objections from the EC Commission.

While treaty ratification has become complicated, monetary union is expected to go forward, said Daniel Gros of the Center for European Policy Studies here.

Italy, an ardent backer of monetary union, has a budget deficit of 11 percent of gross domestic product; its national debt is 100 percent.

Italy's new prime minister, Giuliano Amato, shocked Italians with an emergency decree that transformed some state-run conglomerates into joint stock companies.

Italy's Istituto per la Ricostruzione Industriale may well be the ultimate victim. During the Great Depression, Benito Mussolini created the IRI with government money to form companies and create jobs. With Mussolini barely a memo-

ry, the IRI rolled on. Last year, its airline, food, chemical and other units accounted for 15 percent of Italy's economic activity. For all their sales, however, IRI businesses lost \$280 million last year.

This year, as part of a larger effort to cut the projected \$156 billion deficit by \$27 billion, Mr. Amato hopes to raise \$6 billion by selling shares that can be traded for shares in state businesses.

Stakes in Agip, the state gasoline monopoly; Snam, the natural gas firm, and SIME, a state food enterprise — all profitable — are likely to be offered first, said Francesca Lolli, an analyst with the brokerage firm of Hoare Govett Ltd. in London.

But buyers may shun money losers such as Alitalia and Iva, the steel giant, unless the convertible bonds carry a good interest rate.

## Bank of Spain Defends Peseta With Rate Rise

**MADRID** — The Spanish central bank raised a key interest rate on Thursday to bolster its sagging currency and combat inflation at the risk of slowing economic growth.

The Bank of Spain boosted its benchmark money market interest rate by 0.6 percentage points, to 13 percent, at its regular repurchase tender for central bank certificates. The peseta traded at about 63.80 Deutsche marks, down from 64.10 at the close on Wednesday. Spanish stocks tumbled, with the General Index falling 4.46 points, or 2.0 percent, to 216.10.

"It was a dual-edged move," said David Brown, an analyst with Swiss Bank Corp. "They are defending the peseta and providing a counterweight to Tuesday's fiscal measures, which are going to knock inflation higher."

On Tuesday, the government announced emergency measures to cut its burgeoning budget deficit, which was 1.227 trillion pesetas (\$12.9 billion), 86 percent of the target for the year. The measures, which include higher taxes, are likely to boost inflation. The peseta, meanwhile, has been under pressure since Danish voters rejected the European Community's economic and monetary union treaty in June.

The government's measures, coupled with Thursday's rate increase in what is already an expensive country in which to borrow money, is expected to dent economic growth.

Ricardo Barcelona, an economist with Nomura Research Ltd., sees economic growth slowing to around 1.7 percent in 1992 from 2.4 percent in 1991.

Economy Minister Carlos Solchaga Catalán, has predicted growth of about 2 percent this year. Meanwhile, the Swedish central bank sent a signal that it would raise interest rates, and some money market participants said such a move could come on Friday. A reverse repurchase operation drew an accepted bid of 12.54 percent, sharply higher than the 11.59 percent rate on the previous deal to provide liquidity to the money market.

"The results indicate that the Central Bank has tightened liquidity through higher overnight rates," one dealer said.

The outlook for a rate rise pushed up money market rates, which spiked money out of the stock market. The Bank's general index fell 1.46 percent, to 828.36.

**Lombard Rise Avoidable**  
Helmut Schlesinger, the Bundesbank president, said the rise in the central bank's discount rate ordered July 16 does not automatically entail a rise in the Lombard rate, Agence France-Press reported from Paris.

He said money supply growth and European Monetary System concerns would figure in the German central bank's plans. There has been speculation the discount rate rise set the stage for an increase of the Lombard rate, which affects money markets more strongly.

His comments came as the finance ministers and central bankers of France and Germany put on a show of solidarity at their twice-yearly bilateral Economic Council Meeting.

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
1800	2800	2100
1700	2700	2000
1600	2600	1900
1500	2500	1800
1400	2400	1700
1300	2300	1600
1200	2200	1500
1100	2100	1400
1000	2000	1300
900	1900	1200
800	1800	1100
700	1700	1000
600	1600	900
500	1500	800
400	1400	700
300	1300	600
200	1200	500
100	1100	400
0	1000	300

Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam	CBS Trend	116.20	116.50	-0.26
Brussels	Stock Index	5,707.40	5,723.64	-0.28
Frankfurt	DAX	1,629.37	1,628.22	+0.07
Frankfurt	FAZ	648.76	649.04	-0.04
Helsinki	HEX	705.12	714.89	-1.23
London	Financial Times 30	1,808.10	1,803.00	+0.28
London	FTSE 100	2,399.50	2,397.90	+0.07
Madrid	General Index	214.30	216.10	-0.83
Milan	MIB	800.00	799.00	+0.13
Paris	CAC 40	1,734.56	1,727.49	+0.41
Stockholm	Affarsvarlden	933.79	947.83	-1.49
Vienna	Stock Index	388.96	382.02	+0.28
Zurich	SBS	608.80	607.10	+0.28

Sources: Reuters, AFP International Herald Tribune

## Very briefly:

- Reuters Holdings PLC shares fell 57 pence (\$1.08) to £10.33 after Barclays de Zoete Wedd cut its earnings estimates and Nomura reiterated a "sell" recommendation; the shares have fallen 10.3 percent since Reuters on Tuesday said it could not predict higher revenue growth.
- Amstrad PLC said its loss for the year ended June 30 would be about £25 million (\$47.5 million) greater than previous expectations due to weak computer prices and a restructuring; it did not specify the expected loss.
- IFI SpA, the Agnelli family holding, said consolidated net profit for the year to March 31 fell to 285 billion lire (\$252 million) from 332.4 billion.
- The European Bank for Reconstruction and Development will issue 2 billion Hungarian forints (\$25 million) in bonds at the end of the year, and lend the proceeds to local businesses, Hungarian press reports said.
- Caterpillar Overseas, the Swiss arm of the U.S. construction equipment maker, agreed to set up a parts-making joint venture with Godollo Machine Factory of Hungary, the Magyar Hirtap daily reported.
- Isoco PLC, the British food retailer, said it restructured its financing arrangements to allow for an initial stock offering in 1995.
- Eurotunnel PLC said it is not planning to seek further financing from banks or shareholders prior to the opening of the Channel Tunnel in the fourth quarter of 1993.
- French longshoremen in Marseille, the country's largest port, called a two-day strike beginning Friday to protest a new labor law that would cut jobs and make them salaried workers. *AFP, Bloomberg, Reuters, APX*

## Creditors Reschedule Argentine Debt

**PARIS** — Argentina's creditor governments have agreed to reschedule a large chunk of the country's external debt, the Finance Ministry of France said Thursday. An Argentine official said the agreement, reached Tuesday July 21 at a meeting of the Paris Club grouping of government creditors, allowed Argentina to spread repayments totaling \$2.8 billion over 16 years, including a four-year grace period. The amount represents almost one-third of the \$8.7 billion of debt that Argentina owes to Paris Club members. The arrangement is more favorable than a 10-year repayment period agreed the last rescheduling of the country's debt, in September 1991.

## DISNEY: Gloom Is Off as European Theme Park Forecasts First-Year Loss

(Continued from page 1) dance, no inference about future attendance or profitability should be drawn.

Reacting to the announcement, Paribas Capital Markets Group issued a "sell" recommendation on Euro Disney stock, saying that attendance levels for the period were 15 percent below its expectations and spending on food and other merchandise was 10 percent below.

It predicted that the company would lose 300 million francs in the current financial year and continue losing money for two more years. The main problem confronting Euro Disney appears to be managing its costs and finding an appropriate price level for its over 5,000 hotel rooms. Clearly, costs have been geared to a revenue level that has not been achieved, and the

company is beginning to drop hotel prices that have been widely described as exorbitant. Mr. Forsgren said staffing, now at 17,000, would "come down significantly" in the next two months, mainly through the attrition of seasonal employees. "Of the current staff, 5,000 were employed on a temporary basis, he said. He also acknowledged that the lowest-priced rooms at the resort had been cut to 550 francs (\$110) from 750 francs at the time of the opening, and that some rooms were being offered at 400 francs for the winter season. Analysts believe hotel occupancy has been running at about 68 percent, although it is currently over 90 percent. "The key issue is costs," said Paul Slatery, an analyst at Kleinwort Benson in London. "They

## TRADE: Mexico Embraces Pact

(Continued from first finance page) of the United States. It is full of bottlenecks, inefficiencies and failing companies.

Under the expected terms of the treaty, Mr. Salinas' Third World nation will have to integrate with its wealthy neighbors more quickly (though less fully) than Spain or Greece did in joining the European Community.

In its sales pitches abroad, the Mexican administration tends to concentrate on its market of 85 million consumers, the tariffs it has brought down to an average of 11 percent and the looser investment regulations that are to follow.

For many foreign companies, however, the essential attraction is still cheap labor. The Mexican per capita annual income is \$3,438; that of Americans, \$22,690, and

## NASDAQ

**Thursday's Prices**  
NASDAQ prices as of 4 p.m. New York time. The list compiled by the AP consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50												
100	101	102	103	104	105	106	107	108	109	110	111	112	113	114	115	116	117	118	119	120	121	122	123	124	125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100										
151	152	153	154	155	156	157	158	159	160	161	162	163	164	165	166	167	168	169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184	185	186	187	188	189	190	191	192	193	194	195	196	197	198	199	200	201	202	203	204	205	206	207	208	209	210



# Seibu Announces Plan For Store in Shenzhen

**Bloomberg Business News**  
**TOKYO** — Seibu Department Stores Ltd., one of Japan's retailing giants, announced plans Thursday to establish a department store in Shenzhen, China.

Although final permission has yet to be gained from the government, Seibu said it expects the authorization within weeks.

Site selection and construction is planned to start immediately after approval.

"This is just our first step in China," said Ryuhei Akimoto, a spokesman for Seibu.

The Japanese store group has been active in Hong Kong.

Shenzhen, which is adjacent to Hong Kong and ranks among the most vibrant of China's free-enterprise zones, was seeking foreign investment, Mr. Akimoto said.

Shenzhen Seibu Department Store Co., a 1.2 billion yen (\$9.3 million) venture, will sell clothes and electronic goods imported from Japan and Hong Kong.

Seibu and Shenzhen-based Myer Jewelry Manufacturer Ltd. will own 55 percent of the venture. The remainder will be held by the city.

Seibu plans to begin operations in the middle of next year at the earliest. The store will be 2,000 to 3,300 square meters (22,000 to 37,000 square feet) in size.

Following the Chinese government's policy of attracting foreign investment, Shenzhen had been seeking a retail company with a strong Hong Kong operation when it approached the Japanese company to open negotiations.

"We saw the potential of the Chinese market, and in May decided to do it," said Mr. Akimoto.

"We'll be targeting the general consumer," he added.

"China is highly attractive to Japanese retailers," said Setsu Yamazaki, a retail industry analyst at James Capel.

"It's the world's biggest, most undeveloped market."

# Taiwan Gets Boeing Aid For Test Lab

**Compiled by Our Staff From Dispatches**  
**TAIPEI** — Taiwan will pay Boeing Co. \$3 million for its help in setting up a quality assurance laboratory to test aircraft components, authorities said Thursday.

The \$48 million government-funded project will begin operations in 1993 and provide a boost in Taiwan's drive to become an aerospace manufacturing center, Taiwanese officials said.

The laboratory will assure that parts manufactured in Taiwan for Boeing and other companies are in compliance with standards set by the U.S. Federal Aviation Administration.

It is the first time Boeing has sold quality-assurance technology, said Mervyn Cronie, director of international operations at the company.

Taiwan last year announced plans to develop a \$6 billion aerospace industry.

The U.S. company will continue talks with Taiwan Aerospace Corp. on possible cooperation, said Mr. Cronie. He denied media speculation that the move was linked to rival McDonnell Douglas Corp.'s troubled efforts to form a tie with Taiwan Aerospace.

Taiwan Aerospace, 29 percent government owned, signed a preliminary contract last November to buy up to 40 percent of McDonnell's commercial aircraft operations for \$2 billion. But the company has backed away from taking a major equity stake, and talks have become deadlocked.

Chen Chao-yih, a director in the Economics Ministry, said the laboratory would help Taiwan's annual output of aerospace products rise to about \$6 billion in the year 2000 from \$500 million in 1990.

Taiwanese firms are already building parts for Boeing and McDonnell Douglas under offset agreements made when Taiwan's airlines bought aircraft.

"You cannot produce aircraft until you have all these procedures to replace all components," said Mr. Cronie. "It's a really important step for Taiwan industry to develop its quality-assurance standards."

(AFP, Reuters, Bloomberg)

# Miyazawa Talks Market Up

**By Paul Blustein**  
*Washington Post Service*  
**TOKYO** — Prime Minister Kiichi Miyazawa called Thursday for an emergency meeting of top officials to discuss the ailing Tokyo stock market, pulling the market out of a nosedive — temporarily, at least.

The announcement appeared aimed at giving the market a quick psychological boost rather than indicating a well-conceived plan. Indeed, earlier in the day two top officials, including Finance Minister Tadamasa Hata, said no measures were being considered to prop up the stock market, which hit its lowest level in six years on Wednesday.

But shortly thereafter, at midday, Mr. Miyazawa told reporters that he has "several ideas" concerning the market that he wants to discuss urgently Friday evening with cabinet ministers and leaders of the ruling Liberal Democratic Party.

However poorly orchestrated, the disclosure produced the desired effect. The Nikkei stock average, which had fallen 9 percent in a week and was down another 1.3 percent early Thursday, reversed course and finished the day up 3.2 percent, at 16,039.94.

Analysts voiced concern that the woe of the market could intensify if the meeting fails to produce tangible results. "The government can do very little," said Noboru Kawai, an economist at Morgan Stanley International. "In fact, they can do more damage. The stakes are being raised here."

Investors have been yearning for the government to stimulate Japan's flagging economy with tens of billions of dollars' worth of public works spending and other measures. But the government has already decided to wait until September or October before compiling such a package, and its timetable is now impossible to change. "They're only going to be able to take marginal steps, for instance by announcing when and how the stimulus package will be prepared," Mr. Kawai said.

Nevertheless, Mr. Miyazawa appears to have pulled off a minor political coup by averting a market disaster just before Sunday's election for the upper house of the legislature. And because the meeting is scheduled for Friday evening, any adverse market reaction won't be felt until Monday, safely after the election.

In his remarks to reporters, which came during a campaign stop in Kobe, Mr. Miyazawa said that some "overseas factors" appeared to be depressing the market, an apparent reference to Germany's recent lifting of interest rates. "We have to consider various, or all possible measures" to halt the decline in share prices, the prime minister said.

Seeking to dampen expectations, Nobuo Ishihara, the deputy chief cabinet secretary, told reporters that the meeting will consist mostly of "an exchange of opinions" on the economy rather than a drafting session for specific measures to lift stocks.

Investor's Asia			
Index	1992	1991	% Change
Hong Kong Hang Seng	6,500	6,500	-1.95
Singapore Straits Times	1,400	1,400	-0.85
Tokyo Nikkei 225	16,039.94	15,541.86	+3.20
Sydney All Ordinaries	1,800.70	1,800.20	+0.22
Taipei Composite	678.24	678.57	-0.51
Manila Composite	2,100.00	2,100.00	-1.42
Bangkok SET	678.24	678.57	-0.51
Colombo CSE	1,400.00	1,400.00	-1.17
New Zealand NZSE 40	1,200.00	1,200.00	+1.04
Bombay BSE	1,200.00	1,200.00	-3.71

Sources: Reuters, AFP  
 International Herald Tribune

# Thai Air Hits a Premium

**Reuters**  
**BANGKOK** — Shares in Thai Airways International Ltd. ended their first day of stock exchange trading at 63 baht (\$2.50), a small premium to its offer price of 60 baht, but analysts questioned the state-controlled carrier's earnings prospects.

"The airline will likely underperform the SET Index in the next 12 to 18 months or until it is adjusted to a more realistic level of 40 baht," based on the prospect of lower earnings, said an analyst at Standard Chartered Securities Asia.

Unidentified airline executives, in newspaper interviews printed Thursday, had urged the public not to sell if the stock began to fall.

(Reuters, AFP)

# S&P Cautions On Japanese Property Firm

**Compiled by Our Staff From Dispatches**  
**TOKYO** — Standard & Poor's Asia Ltd. said Thursday it was changing its outlook for Mitsubishi Estate Co., Japan's leading real estate company, from positive to negative while maintaining its triple-A debt rating.

"The company's current high debt levels increase its vulnerability to continued difficult conditions in Japan's real-estate market," the rating agency said in a statement.

Still, Standard & Poor's gave its top AAA rating to the company's two Eurobond issues of 500 million yen (\$400 million), based on Mitsubishi's superior earnings and cash-flow protection from its large landholdings in Marunouchi. Tokyo's commercial center.

(AFP, Bloomberg)

# Air Slump Has All Nippon Rethinking Global Growth

**Compiled by Our Staff From Dispatches**  
**TOKYO** — In a setback to its plans to expand internationally, All Nippon Airways, Japan's giant domestic carrier, said Thursday it was considering reducing flights on some overseas routes and delaying the implementation of a new service.

A spokesman for ANA said the airline was considering delaying the launch of twice-weekly service between Tokyo and Frankfurt, and cutting services to Vienna, Brussels and Kuala Lumpur. The spokesman said cuts were being considered because of the slump in the airline industry, but he said a decision would not be made until September.

The disclosure followed news this month that Japan Air Lines Co., All Nippon's bigger rival on international routes, was considering suspending flights to Copenhagen and New Delhi.

"The worsening business climate is forcing them to slow down their expansion," said Daniel O'Keefe, an airline industry analyst for Merrill Lynch. He added the recent slowdown in Japan had not yet seriously eroded profits and that by reducing international flights now, All Nippon was "just being cautious."

The stock market reacted favorably to the news. All Nippon's share price rose 32 yen (25.5 cents), or 3.5 percent, to 947 yen.

Last year, All Nippon launched an ambitious bid to compete with JAL for international passenger service. It has opened new routes to New York, Paris, London, Moscow, Seoul, Bangkok, and other cities, and was to have launched its service to Frankfurt in October.

ANA currently has three flights a week on the Tokyo-Vienna, Tokyo-Brussels and Nagoya-Kuala Lumpur routes, which are operated with Austrian Airlines, Sabena Belgian World Airlines and Malaysian Airlines, respectively.

(AFP, Bloomberg)

# Very briefly:

- Samsung Electronics Co. of South Korea received an A rating from Standard & Poor's Corp., a medium investment-grade level that reflected "fairly aggressive" leverage, the rating agency said.
  - Sumitomo Corp. and Mitsui Mining Co. will cooperate with two U.S. mining firms, Arch Mineral Corp. and Meridian Minerals Co., to start a feasibility study for a coal mine in Montana.
  - South Korea auto exports rose 11.9 percent in the first half of 1992, with more vehicles going to Europe than to the United States for the first time.
  - India's trade deficit in soared to \$944.7 million in April and May from \$118.9 million in the similar two-month period last year as imports rose following a financial crisis in 1991.
  - Imperial Chemical Industries' Pakistan unit said it would set up a power generation plant to be supplied by Dehatis Motor Co. at a cost of \$8 million.
  - Air China has rented two aircraft and 70 crew from the Uzbek national airline to operate a link between Urumqi, a major city in western China, and Beijing.
  - Marubeni Corp. promoted Iwao Toriumi, 59, from vice president to president of the Japanese trading giant as of Aug. 1.
  - Japanese department store sales fell to 746 billion yen (\$5.97 billion) in June, down 3.7 percent from the like period a year ago due to cool weather and the economic slump.
  - China Strategic Investment Ltd., a Hong Kong investment company, said it will make a rights offering on the basis of one new share for every four held to raise 195 million Hong Kong dollars (\$25 million) to finance manufacturing interests in China.
- (AFP, Bloomberg, UPI, AP)

# Westpac Shares Slip to 7-Year Low

**Reuters**  
**SYDNEY** — Shares in Westpac Banking Corp., Australia's largest and oldest bank, dropped to their lowest level in seven years Thursday on concerns about its 1.2 billion Australian-dollar (\$898 million) rights issue.

Westpac announced the one-for-three rights issue in May to shore up capital after a first-half loss. Its shares fell to 3.09 dollars from 3.12 on Wednesday.

Local press reports cited speculation about a shortfall in subunderwriting or the issue. Frank Conroy, Westpac managing director, said the issue was proceeding as planned and that subunderwriting had been completed.

Main underwriters parcel out blocks of an issue to subunderwriters to share responsibility for sales and costs and to minimize risk.

# AMEX

**Thursday's Closing**  
 Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High	Low	Stock	Div	Yield	PE	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
110.00	109.00	IBM	3.00	2.7%	12.5	110.00	109.00	110.00	109.00	110.00	109.00	110.00	109.00	110.00	109.00	110.00	109.00
100.00	99.00	Microsoft	0.00	0.0%	15.0	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
50.00	49.00	Apple	0.00	0.0%	10.0	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00

# NYSE

**Thursday's Closing**  
 Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High	Low	Stock	Div	Yield	PE	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
110.00	109.00	IBM	3.00	2.7%	12.5	110.00	109.00	110.00	109.00	110.00	109.00	110.00	109.00	110.00	109.00	110.00	109.00
100.00	99.00	Microsoft	0.00	0.0%	15.0	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
50.00	49.00	Apple	0.00	0.0%	10.0	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00

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100.00	99.00	Microsoft	0.00	0.0%	15.0	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
50.00	49.00	Apple	0.00	0.0%	10.0	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00

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100.00	99.00	Microsoft	0.00	0.0%	15.0	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
50.00	49.00	Apple	0.00	0.0%	10.0	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00

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100.00	99.00	Microsoft	0.00	0.0%	15.0	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
50.00	49.00	Apple	0.00	0.0%	10.0	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00

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100.00	99.00	Microsoft	0.00	0.0%	15.0	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00	100.00	99.00
50.00	49.00	Apple	0.00	0.0%	10.0	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00	50.00	49.00

مکان العمل















OBSERVER

Fire in the Esophagus

By Russell Baker
NEW YORK — My handlers said the wife had to go. It would have angered me, before I learned what it takes to be president. Now I said, "Get to go, huh?" And they said, "The polls have spoken. America can't stand her."

seven-second but heartbreakingly touching sound bites. "And tell her to keep it buttoned until we assign her a full-time lip handler."
So I said, "Keep your lip buttoned, Mom, because—wow! Do I ever want to be president!"

For Carl Franklin, It Was One Right Move

By William Sauder
Washington Post Service
S.T. PAUL, Minnesota — The rain began to fall just as Carl Franklin's cast and crew assembled outside Willard's, a corner tavern in a quiet, mostly black neighborhood of St. Paul. They were there to shoot exteriors for "Shelton Avenue," a miniseries Franklin is directing for HBO about a weekend in the life of a black family.



Director Carl Franklin: "I think I discovered in my very first piece that I could do it."

in it. When somebody gets killed, some anonymous person on the other side of town or whatever, somebody who lived and had dreams and hopes and joys just like the rest of us is gone. I wanted to get that into the film."
Franklin grew up in Richmond, California, six miles (10 kilometers) from Oakland and several light years from San Francisco. "Richmond was in another world from San Francisco," he says. "You could see it looming off in the distance, but it didn't seem real. The streets of Richmond did. Franklin's father died before he was born. His stepfather worked as a carpenter; his mother was a housewife."
Franklin won a scholarship to the University of California at Berkeley in 1967. He took a course in dramatic arts to satisfy an English requirement and because "I had some pals on the football team who told me all the finest girls were in drama."

PEOPLE

A Temporary Farewell To Glyndebourne Picnics

With music, champagne and dinner in a nearby tent, the smart set will say goodbye Friday to Glyndebourne, the opera house near Lewes, England, where evening dress and picnic hampers are de rigueur. The concert will feature Spanish soprano Montserrat Caballé and U.S. mezzo-soprano Frederica von Stade. The 58-year-old theater is to be replaced by a new theater that will open May 28, 1994.
Peter Martins and his wife, Danci Kistler, strolled arm-in-arm out of a Saratoga Springs, New York, courthouse after she dropped assault charges against him. Martins, 45, head of the New York City Ballet, and Kistler, 28, one of the company's principal dancers, said reports of their dispute "seem very disproportionate to what actually occurred." Kistler had said Martins assaulted her during an argument.
Martin Edelstein, president of Boardroom Inc., a New York publisher of consumer and business newsletters and books, is donating a collection of contemporary American photographs, for which he paid a total of \$300,000, to the Art Institute of Chicago. The works include photographs by Barbara Kruger, Cindy Sherman, Ansel Adams, Diane Arbus, David Hockney, Robert Mapplethorpe, Robert Rauschenberg and Andy Warhol.
The Duchess of York joined her husband, Prince Andrew, on Wednesday evening, the eve of their sixth wedding anniversary, for a reception at Hampton Court Palace. It was their first appearance together at a major public occasion since they announced they were separating four months ago. . . . At Buckingham Palace, Queen Elizabeth II presented actor Michael Caine, 53, with the badge of Commander of the British Empire for his service to the entertainment industry.
Rastafarians gathered in Kingston, Jamaica, to celebrate the 100th birthday of Emperor Haile Selassie I of Ethiopia, whom they consider their god. The weeklong festivities began Thursday with a reggae concert featuring Freddy McGregor, Third World, Ziggy Marley and The Melody Makers.

REAL ESTATE MARKETPLACE
Appears on Page 4
PERSONALS
ANNOUNCEMENTS
\*\*OLYMPIC TICKETS\*\*
ALCOHOLIC ANONYMOUS

INTERNATIONAL CLASSIFIED
ANNOUNCEMENTS
MOVING
BUSINESS OPPORTUNITIES
BUSINESS SERVICES
COMPUTERS AND BOARDS
OFFSHORE
IRISH NON-RESIDENT COMPANIES

Herald Tribune CONFERENCES
INTERNATIONAL BUSINESS OUTLOOK
INSIDE CENTRAL & EASTERN EUROPE: POLITICS, PROSPECTS & THE PEOPLE
NEW EUROPEAN SECURITY: FROM EAST-WEST CONFRONTATION TO REGIONAL INSTABILITY

HOLIDAYS & TRAVEL
HOTELS
HOLIDAY RENTALS
FRENCH PROVINCES
LES MAISONS DOREES
HOLIDAY RENTALS
PARIS & SUBURBS

HOLIDAYS & TRAVEL (continued)
HOLIDAY RENTALS
PARIS & SUBURBS
ENTERPRISE LEADER
SECTEUR SANTE
To our readers in Switzerland

HOLIDAYS & TRAVEL (continued)
HOLIDAY RENTALS
PARIS & SUBURBS
ENTERPRISE LEADER
SECTEUR SANTE
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ACCESS VOYAGES
WORLDWIDE SPECIAL DEPARTURE
DAILY FLIGHTS AT LOWEST FARES
HOLIDAYS & TRAVEL
HOLIDAY RENTALS
MEXICO
ACAPULCO/LAS BARRAS
CARIBBEAN
ST. BARTHELEMY, F.W.I.

ESCORTS & GUIDES
BELLE EPOCH
MERCEDS
ESCORT SERVICE
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BLONDES
MILWAUKEE
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